



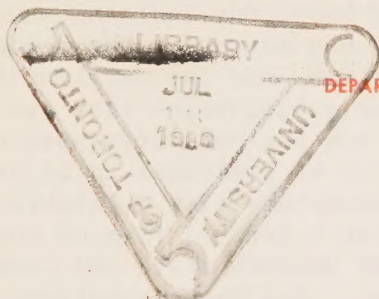
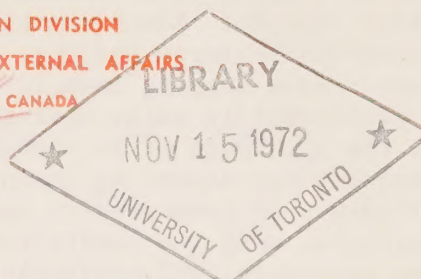
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STATEMENTS AND SPEECHES

CAI EAC
-S-1INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

71/1

A CANADIAN VIEW OF THE COMMONWEALTH

(Excerpts from a Press Conference by Prime Minister, the Right Honourable Pierre Elliott Trudeau, Ottawa, January 5, 1971.)

I am going to Singapore as the leader of one government to meet the leaders of other governments. We will have many things to discuss having to do with the Commonwealth and the many facets of the Commonwealth and of world problems. There is one issue which perhaps seems to dominate the speculations - the issue of the sale of arms to South Africa, just as a couple of years ago it was the issue of Rhodesia. There is always some issue which seems to be the most exciting one, in the sense that people can speculate on whether it is going to lead to disaster or not. But there are many many other things we are going to be doing in Singapore. There are many many things that the Commonwealth is performing and many more that it can perform.

One item that I suggested be put on the agenda was to use to the utmost this occasion of heads-of-state and heads-of-government meeting from various continents so that they could exchange techniques of improving, shall we say, the Parliamentary democratic system. This to me is very fundamental; it is as important as any other issue. Arms sales to South Africa is very important for some countries who want to proceed with the sales and very important for those who don't want to see it proceeded with. But to me it is just one item on the agenda.

* * * * *

The value of the Commonwealth as I see it is to be able periodically to sit down at the head-of-state or head-of-government level and to discuss issues which transcend continents, transcend colour, transcend racial origin, economic basis and so on. It is a forum wherein free men try to find ways to progress in a difficult world and to me there is no single issue so important that it is worthwhile breaking up the Commonwealth.

* * * * *

I was just fascinated at the last Commonwealth meeting by the possibilities of learning from other heads of government the techniques with which they govern their countries, how they meet the challenge of a moving

democracy in a technological age or, in other cases, in societies which are just reaching their economic takeoff. And every time I meet a prime minister or a head of state I am always fascinated to know, for instance, how he holds his cabinet together, how his cabinet works, how he renews the membership, how he assures ethnic or regional representation, how the parliamentary system is prevented from bogging down in the particular countries with the particular sets of parliamentary rules that they have, how the more-developed countries can meet the challenge of an increasing number of questions to be dealt with in a seemingly non-expanding amount of parliamentary time available to them. How parliaments in Commonwealth countries with a federal form of constitution, like Australia, meet the conflicting problems between state and Commonwealth relations or federal and provincial relations. All these questions are absolutely fundamental not only to the techniques of governing but to the coherence of modern societies.

To me, to be meeting for ten days with people who in their countries are faced with similar problems and who are obviously trying to find answers to them, to me, this is too valuable an experience to miss the opportunity of exchanging techniques and exchanging ideas. How do they plan? How do they make the plan applicable? How do they shuffle their cabinets? How do they set the priorities, especially when there are two levels of government? How far in advance do they try to get their legislative timetable set up? How do they ensure the co-operation of the opposition parties? And so on, and so on. To me, this is the stuff that you cannot learn in any text-book; it is the stuff that is not taught in any political science seminar in any university of which I know; it is certainly not put in books.

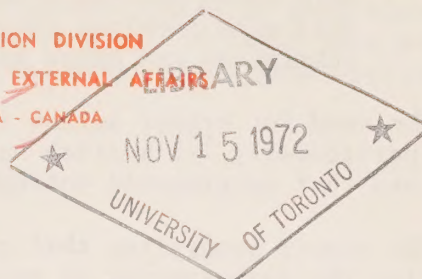
Governments everywhere are facing the challenge of credibility, of relevancy. Will they be able to meet the tremendous turmoils which are shaking every country? Will representative democracy wither away and be replaced by either authoritarian or totalitarian systems, or, at the other end, by mob rule? You see, these questions are fundamental to all of us. They have much more far-reaching consequences than specific issues of what we will do next year about Rhodesia. These have to do with whether societies will survive in a democratic form or not, and this, I repeat, is something which I have been interested in not only in the Canadian Government, but I never fail to meet an important person in another country who can give me some clues as to how they are solving this relevancy gap and credibility gap.

If the Commonwealth were to be of no other use to me than that, I would think it indeed of great value, provided the people there are willing to not only discuss crisis issues but techniques of government. And I might say that I hope that the press of the world and the media of the world will see this value in the Commonwealth. Because, by looking at meetings of this kind merely as boxing-matches or other forms of competitive games, it is more exciting (You know: "Will it break up, won't it break up, who is going to take the lead, and who is going to save us?"); it is all very exciting, but I repeat, from one meeting to another, it is a completely new boxing-match that excites the people, but what stays on is the curability of democratic governments, and this is the issue that I hope we will be able to learn more about at the Commonwealth meeting.



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



71/2

REPORT OF THE INTERNATIONAL JOINT COMMISSION ON POLLUTION

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, in the House of Commons on January 14, 1971.

I should like to table herewith the report of the International Joint Commission (IJC) on pollution of Lake Erie, Lake Ontario and the International section of the St. Lawrence River. This report is also being released in Washington today by the Government of the United States.

The final report represents the culmination of six years of work following upon a request in October 1964, as supplemented by a further request in 1969 to the IJC by the two governments, for an inquiry into the extent, causes and locations of pollution in these waters.

The breadth and scope of this report shatters all precedents. It deals with the most extensive water-pollution study undertaken anywhere to date. The report provides guidelines that can be an inspiration to the peoples of Canada and the United States in the critical period ahead to deal with the Great Lakes pollution problem. It provides a basis for the concrete action that is now already under way with the assistance of the interim reports that the Commission has made to the two governments over the period of the entire study.

In this report the IJC states that:

- (1) The waters are being seriously polluted on both sides of the boundary, to the detriment of both countries, to an extent that is causing injury to health and property.
- (2) The polluted waters are lake-wide in extent; the principal causes are wastes discharged to the boundary waters and their tributaries by municipalities and industries.
- (3) Urgent remedial measures are required; these are set out in specific recommendations for action by the two governments and all responsible jurisdictions in both countries. Programs to be agreed upon to meet the water-quality objectives are set out in the report. These are aimed to bring about immediate reduction of the phosphorus content in detergents, the prompt

implementation of vigorous programs to treat municipal and industrial waste, and the reduction of phosphorus inputs into these waters. (The report also contains programs to deal with problems caused by oil spills, mercury, radioactive substances and other hazardous material entering these waters.)

The need for urgent action is based on the Commission's findings that Lake Erie, particularly its western basin, is in an advanced state of eutrophication, and that accelerated eutrophication is taking place in Lake Ontario.

The report recognizes that governments will have to enter into agreements for the carrying-out of programs and of measures and schedules to achieve them. The report recommends that the Commission be given the authority, responsibility and means for co-ordinating and ensuring the necessary surveillance and monitoring of water quality and of the effectiveness of pollution-abatement programs. It further recommends that the reference of October 1964 be extended to authorize it to investigate pollution in the remaining boundary waters in the Great Lakes system and waters flowing into it.

A meeting with the United States at the ministerial level in Ottawa last June initiated discussions that are now continuing between the two countries aimed at more effective co-operative action to control pollution and water quality in the Great Lakes.

The June meeting, at which Canada was represented by members of the federal and Ontario governments, established a joint Canada/U.S.A. working group to study various ways of creating a more effective basis for co-operation to deal with Great Lakes pollution in light of the findings and recommendations to be contained in the final IJC report as now presented.

The joint working group met in Washington in September and organized ten sub-groups to examine in detail particular aspects of the problem. On the Canadian side, some 100 experts from several Federal Government departments and from Ontario government departments and agencies are involved, together with a corresponding number of officials from United States federal departments and Great Lakes states governments.

The joint working group will report to a second ministerial meeting on Great Lakes pollution planned to take place later this year. Decisions taken at this second ministerial meeting will provide for concerted programs aimed to achieve accepted water-quality objectives and the means to put such programs into action. These programs will include a commitment to implement other recommendations contained in the report and to establish effective mechanisms to perform the necessary surveillance functions.

In conclusion, I should like to thank the many people in Canada and the United States who have contributed to the work behind this important report. In particular, I should like to thank Mr. Christian Herter, Chairman of the United States Section. As members will know, the Chairman of the Canadian Section for the past eight years was the late Arnold Heeney. His contribution to the work of the IJC was perhaps the crowning achievement of a life devoted to the public service of Canada.

I should also like to acknowledge with appreciation the help and support of the public in both Canada and the United States by participation at the Commission's public hearings and in other ways. Without such public support this great undertaking, to overcome the Great Lakes water-pollution problem, cannot succeed.

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STATEMENTS AND SPEECHES

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71/3

THE SITUATION IN SOUTHERN AFRICA

Excerpts from a Press Conference by Prime Minister, the Honourable Pierre Elliott Trudeau, at the Commonwealth Heads of Government Conference, Singapore, January 20, 1971.

We agreed to set up a committee of eight people to study the matter of safety of navigation in the Indian and South Atlantic Oceans, and to report as soon as possible to the Commonwealth heads through the Secretary-General. So, to the extent we agreed on that, the meetings all day yesterday and today on this subject of arms sales were well worthwhile.

As I see it, the issue of whether to sell or not to sell, the immediate issue before us, is a relatively secondary one. The British present certain arguments saying that they should do it, the others present certain arguments saying that they shouldn't do it, and both advance legal, moral, economic, strategic and political arguments.

But the position I've been trying to press on some of my colleagues is that the immediate issue can only be understood if it's placed in a scenario of the future of Africa. In other words, if, to ensure the security of the sea lanes, we encourage the British to take steps which make the assurance of Communist penetration of Africa even greater, then we have perhaps not gained much. And therefore we must look not only at the problem of security of the ocean but at the whole question of racial relations in Africa. And if, while we're arguing this short-term immediate question, we permit circumstances to develop which could end up so that in ten years, more or less, we have another Vietnam on our hands -- we have another mid-East situation on our hands --, then not only will that be disastrous for Africa but I submit it will be disastrous for the world.

A bloody racial war in Africa could leave nobody unconcerned. We saw that even the Vietnam war has divided not only the United States but many other Western nations, between themselves, among themselves, and inside of themselves. Even the question of Nigeria, you'll recall (a year and a half, two years ago, in Canada), the question of Nigeria and those who supported Biafra concerned Canadians very deeply and divided us among ourselves. So, if we set up the circumstances where a racial war in Africa, black against white, is even more probable, then we will have done a very poor service to posterity,

to say nothing about the moral indignity, the moral abomination, of racial discrimination, which debases not only the states who practise it but those individuals who have it in their hearts. It poisons the relations between human beings. It makes peace in the world a less possible matter, a less possible eventuality.

I've enjoined everyone to talk not just about the short-term but about the long-term scenario. It just isn't enough for Britain to say: "Well, we must make shipping safer on the oceans." Mr. Heath must say how the total racial problem in South Africa develops according to his view of the future and how his present action can be justified in the light of his total commitment to peace. And I said the same thing to President Kaunda and President Obote! It is not sufficient to tell Britain not to sell arms to South Africa lest that cause a racial war, because what will your position be if Britain does not sell arms to South Africa -- does the right thing by you? If Britain should make that decision, what will you say about France and those other countries? And even if those other countries do not sell, what then will you say about Portugal? Will you guarantee that if these countries don't sell arms to South Africa we will not have a racial war in South Africa, that you will go on record as being against such a war? You will also want the Portuguese to get out of Angola and Mozambique. And what will your position then be on the presence of Portugal in NATO? And what will your position be on the mere trading with South Africa by all nations, which you say now is all right? But are you going to say this forever or are you going to say, at some point, well you are strengthening the motives for an eventual civil war there?

And what if none of this happens? What if none of us co-operate in any way with South Africa? South Africa still remains the strongest military power by far south of the Sahara and will remain such, especially if you add it on to Rhodesia, for a long while to come. So what if all the Western nations behave well, are you going to say then there will be no racial war? And if there is a racial war won't you still blame the white nations or the Western nations for being the cause of it? And even if you don't what about the Communists, what about the freedom fighters? Who's going to arm them? It's unlikely that Canada would ever want to arm freedom fighters, though we might respect the justice of their cause. So who's going to arm them? If it's the Communists from some part of the world, aren't they going to get the credit for being on the side of the Africans, of the black Africans? How do you see a racial war being avoided in South Africa? You are just asking the British to take the first step, but you're not telling them or us or any of us what the next steps are. And this is what the Commonwealth meetings should be used for, in order that together we try to establish a scenario for world peace and especially for racial harmony in Africa.

I have always felt that we had to force all parties in the debate to spell out what I call the long-term perspective. As a nation in North America, Canadians, even though they be far removed from the Indian Ocean and South Atlantic, will not be free of the kind of violence which can arise in our countries, the kind of dissension which did arise in some countries

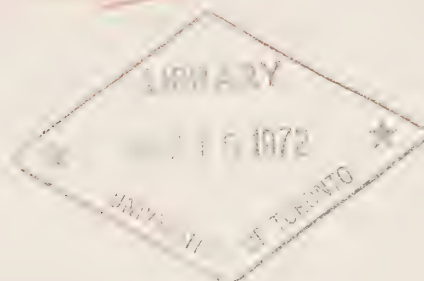
over Vietnam, and which would most likely arise in Canada. We know about urban guerrillas now. We know they can, and probably will, some day upset peace in South Africa. And, if we are on the wrong side, they could also upset peace in our own countries. And to this extent we're very concerned with any part of the world where peace can be upset and have consequences on the rest of humanity.

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STATEMENTS AND SPEECHES

INFORMATION DIVISION
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OTTAWA - CANADA



71/4

THE COMMONWEALTH IN THE SEVENTIES

Excerpts from a Statement by Prime Minister the Right Honourable Pierre Elliott Trudeau at the Commonwealth Heads of Government Conference, Singapore, January 21, 1971.

This, as several of our colleagues have already stated, is a decade of change; it is rapidly acquiring, as well, the reputation of a decade of violence. We cannot prevent change. Are we able to contain violence? We must all hope that we can. In order to do so, however, we dare not pursue only the short-term issues, however urgent and serious they may be, nor dare we be content to administer only to the symptoms of the serious diseases that afflict the world. Governments will retain their credibility as instruments of orderly change only if we face up to the underlying problems.

Perhaps for lack of understanding, perhaps because a familiar problem, no matter how bitter, appears preferable to an unknown one, we tend in international gatherings to concentrate on the near future. As political leaders, we face competing and often contradictory demands upon the time and upon the physical resources of our governments. In setting priorities, the temptation, indeed the political imperative, favours often the immediate problem at the expense of the long-range, of the urgent as opposed to the important. Both, however, require balancing.

Canada concluded in recent months a comprehensive review of Canadian foreign policy. Our aim was to fix objectives and priorities in sufficiently long and broad terms to ensure that essential Canadian interests and values are safeguarded in a world where radical change can be accepted as a norm. We declared at that time that our external activities should be directly related to national policies pursued within Canada. Canadian foreign policy, as is the case with that of all states, is the reflection abroad of national priorities.

We are all familiar with the process of formulating long-range economic plans. The essence of such planning is the identification and definition of objectives, the assigning of priorities to the various objectives which have been identified, and the allocation of resources in accordance with

the priorities agreed on. In Canada, we have been following a similar procedure in seeking solutions to the major problems which confront us. We all know from experience that even the best attempts at forward planning often fail; unexpected developments may occur which can upset the most carefully considered plans. We know, too, that the allocation of resources to a problem does not guarantee its solution. Nevertheless, the methods we have been following in Canada may have some relevance also for the Commonwealth.

As we consider the shape of our association in the Seventies, we might, I suggest, reflect on whether we want the Commonwealth to become a miniature United Nations, where we spend our time making set-piece speeches rather than talking to each other. The former purpose, it seems to me, is already more than adequately served by existing international forums. As I see it, this unique meeting might more profitably be used for dialogue with one another, with the aim of learning from one another's experience, of broadening our understanding of the forces at work in the world and of co-operating in seeking ways of dealing with problems which are already looming over the horizon. We would all benefit, I am sure, through taking counsel together, seeking to identify the factors causing change in the world, and helping one another in seeking solutions to some of the issues which we all face. As I see it, there would be mutual advantage in concentrating less on immediate problems, which, while important, are for the most part dealt with in other forums, and more on the longer term, focusing at a stage where there is some prospect of influencing the forces at work, and well before the problems assume the proportions of crisis which threaten to overwhelm us. Some of these problems are, of course, economic disparities, racial discrimination, changing patterns of trade, environmental pollution and population, to mention only a few of the more obvious. We cannot deal with any of those problems of such momentous proportions by mere reference to them in a general speech or by short-term arguments relating to an immediate problem, whatever its urgency.

Perhaps we might consider whether at future heads-of-government meetings it would be profitable to spend the customary two or three days in a general discussion of the world political situation and the world economic situation. As an alternative, I think the Secretary-General might try to identify one or two subjects, such as those that I have just mentioned, which might be discussed in some depth rather than trying either to "cover the waterfront" or to argue a particular case.

Indeed, it is with such thoughts in mind that Canada was receptive to President Kaunda's initiative relative to those principles which might guide the Commonwealth in the Seventies. President Kaunda's draft declaration has served a most useful purpose in focusing attention in depth on this important matter and in helping to clarify in our minds what the Commonwealth stands for in the world and the principles which should guide us during the present decade. For my part, I am glad that Dr. Kaunda does not conceive a declaration as a charter or constitution, for experience, over the years, has shown how valuable is the flexibility which flows from proceeding by precedent and convention without a formal charter or rigid procedural rules. We support the idea of a Declaration of Principles.

Developments over the past several years have shown that another significant way in which members can help one another is through practical schemes of international co-operation. Already, through the Colombo Plan and the Commonwealth Scholarship Program, the Commonwealth has shown how countries can co-operate to their mutual benefit and the betterment of their peoples. We have before us a number of proposals from the Secretariat designed to foster still further the advantages which flow from the Commonwealth association. In order to husband time, I shall mention in summary fashion Canada's attitude towards several of them:

- (a) Canada appreciates the Secretary-General's and various members' concern for greater "functional co-operation" in the Commonwealth.
- (b) Canada supports the proposed Commonwealth Fund for Technical Co-operation, as outlined. Canada will contribute the lesser of 40 per cent or \$350,000 each year for the first three years.
- (c) We cannot, regrettably, support the establishment of the special institutions for export financing and export development.
- (d) Canada does regard export promotion as a priority for many member countries, and is prepared to see the CFTC terms of reference, and its funding, enlarged for this purpose. To that end, Canada is prepared to pledge its support for whatever technical-assistance activities related to export development can be agreed upon.
- (e) Canada would contribute a fair share, up to \$2 million a year in a five-year period, for an expanded CFTC, if there is sufficient support for an overall \$5-million level or similar target, and as capacities to utilize the enlarged funding are developed. We should welcome the views of other members on this question. And we would invite the Secretary-General to take up this proposal with a view to developing specific proposals for officials to consider.

* * * * *

Finally, none of us in the Commonwealth, not the populous, the large, the wealthy, any more than the small and the impoverished, are able to exist without the other. We are more interdependent than we are independent; that is the basic truth that faces us. We could, I suppose, get along without this Commonwealth opportunity, but we should not, I suggest, get along nearly so well. No problems will be solved by the break-up of this odd association; not one of us will find it easier to advance our own interests in its absence. The association benefits most of us and harms none of us; with Dr. Kaunda's guidelines before us, our relationship may become even richer. I look forward to that result.



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA - CANADA

15 1972

No. 71/5

THE COMMONWEALTH HEADS OF GOVERNMENT MEETING, SINGAPORE - I

A Statement by the Prime Minister, the Right Honourable
Pierre Elliott Trudeau, in the House of Commons on
February 1, 1971.

Mr. Speaker, it is not possible, in the few minutes which the rules permit me, to describe to the House in more than a summary fashion the Singapore conference of Commonwealth heads of government. I should like to convey to the House some of the impressions that I brought away with me. These impressions, I hope, will add to the information already received from Singapore in the form of the conference communiqué and the very full journalistic reports.

The meeting was, as the House is aware, the first regular Commonwealth conference to take place outside of London, and the first at the head-of-government level to be sited in Asia. I think that an Asian location was most fortunate, partly because it was in Asia that momentum was first initiated for the Commonwealth to be transformed from its older, more confining structure into the widely-representative association which it is today, and partly because an Asian site permitted conference delegates to live and work in a newly-independent community in which racial harmony is a necessary fact of life. The world, as we know but so often tend to forget in the immediacy of our own domestic problems, is populated to an overwhelming degree by persons who are desperately poor and whose colonial experience in many instances leads them to question the values and the sincerity of the developed countries. All too often, as well, "rich" and "white" are regarded by them as synonymous. We forget these facts at our peril.

In Singapore it quickly became apparent that the future of the world would not necessarily be determined in accordance with European conceptions. The Commonwealth, viewed from Singapore, presented challenges to the ingenuity and goodwill of its members to find ways of communicating across differences measured, in many instances, by thousands of miles and by centuries of experience, yet without insisting upon adherence to preconceived notions or attitudes. In the result, the value of the Singapore conference might best be described in terms of the comprehension gained by delegates, and not by the persuasion which anyone attempted to exercise.

The conference dealt with a number of important issues, foremost among them the contentious issue of arms sales to the Republic of South Africa. I am relieved, as I am sure are all here, that, following consideration of factors affecting the security of maritime trade-routes, the members agreed to the formation of a committee to study these questions as they relate to the Indian and South Atlantic Oceans in hopes of resolving some of the complex variations and differences of view. I am also pleased that an amended Declaration of Commonwealth Principles, which had been presented earlier to the meeting in its basic form by President Kaunda of Zambia, received the unanimous support of the meeting. Each of these measures confirmed to a large extent the belief by most heads of government that the Commonwealth association is important -- one that is capable of contributing significantly to a better understanding among men of their common ideals and aspirations, their fears and problems, and their increasing interdependence in a technologically complicated world.

The agenda at Singapore permitted wide-ranging discussions of political and economic trends in the world, of the possible consequences of the entry of Britain into the European Economic Community, of a variety of Commonwealth programs, and of the immediate future of the Commonwealth association. Canada disclosed at the meeting that it was prepared to support up to 40 per cent of the financial burden of an expanded Commonwealth fund for technical co-operation. Canada also supported a less rigid format for future conferences -- one which will relieve some of the unnecessary pressures now present in the preparation of an acceptable communiqué, one that should reduce the number of pre-prepared statements and thus permit heads of government to take advantage of the particular nature of the meetings. There was general agreement that these changes are desirable, and that the unprecedented opportunity for so many heads of government to meet regularly and informally should be jealously protected.

It is my view now, as it was prior to Singapore, that Canada could get along without the Commonwealth but it remains my strong view that we could not get along nearly so well. No problems would be solved by the break-up of the association; not one member would find it easier to advance its own interests in its absence. The Commonwealth benefits all members and harms none. It is my firm expectation that with the help of the important Commonwealth Declaration the association will prove to be a major contributor to the enrichment of human relations. Commonwealth members share a common language. Even more important, they share a common idiom. In the result, there is permitted an informality of encounter and a meeting of minds that surely must be the envy of other countries.

The journey to and from Singapore gave me an opportunity to travel briefly in four of the many countries which have issued invitations to visit over the past several years. Three of those countries -- Pakistan, India and Ceylon -- are Commonwealth members and long-time major recipients of Canadian economic assistance. Together with the journalists and photographers who accompanied me, I travelled to several of the more important of our aid projects. Through the pens and cameras of these reporters, Canadians are now more aware of the way in which Canadian funds have assisted persons less fortunate than ourselves. I found, too, that in each of those countries the earlier visits of Canadian Prime Ministers St Laurent and Diefenbaker were well remembered....

The fourth country visited was Indonesia, the giant of Southeast Asia, which Canada has recently named as a country of concentration for our aid program and one of whose outstanding citizens, General Nasution, will soon come to Canada as your guest, Mr. Speaker.

In each of those countries the program provided for discussions with the prime minister or president and between Canadian officials and their counterparts. These face-to-face encounters, and that with the Shah of Iran during an overnight stop in his country, provided an opportunity to learn at first hand of the attitudes and beliefs of world leaders in a way which cannot otherwise adequately be duplicated.

A refuelling stop at Lahr permitted me to meet a good number of our servicemen, their wives and children.

Wherever I went, I am happy and proud to report that the name of Canada was held in warm and sincere respect. The professional dedication of Canadian representatives abroad, be they in the public service or the armed forces, serving in our diplomatic missions or in United Nations or NATO assignments, the quality of our aid programs, the value of our trade and investment relations, the friendly and positive nature of our external policies within and without the United Nations -- these have all accumulated for Canada over the years an enviable reputation. I am happy to report that the resourcefulness and skills of the members of my official party and of the Canadian Armed Forces crew who were responsible for our transportation contributed not only to the effectiveness of my trip but to Canada's good name wherever we went. To them I am grateful and offer my thanks.

I have no doubt that all Canadians will agree that this high national reputation places upon our fortunate country a special obligation to conduct our affairs both internally and externally in a manner in keeping with the desire of all men to live in a world which contributes to human dignity, justice and social progress. To this end, all Canadians must dedicate themselves consciously in order to be rid of racial or regional or linguistic prejudices, for these are belittling to the world, to Canada, and to us as individuals.

In that respect, I should like to quote in conclusion three sentences from the closing remarks of Prime Minister Lee Kuan Yew, Chairman of the Singapore Conference. He said:

"In a multitude of ways, this conference has mirrored in miniature some of the irreconcilables the world community faces. They must be made less irreconcilable. It will become too costly and painful for mankind if these conflicts are not tempered by the spirit of common brotherhood."

Canada cannot live apart from the world. Events in far-off places do affect us, as we have seen again and again in our history. If we are able to influence those events for the better, through attendance at important international conferences, and through meetings with heads of friendly states, then it is the duty of Canada to attempt to do so. This duty does not flow from some vague international role to be played by Canada. Canada must act according to how it perceives its aims and interests. It is in our interest that there not be a general racial war in Africa in the near or distant future.

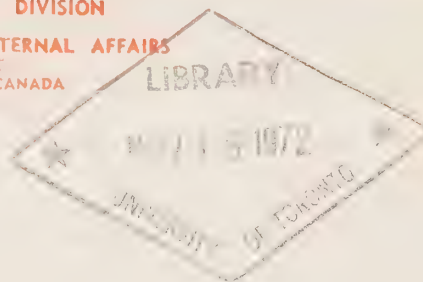
If the Commonwealth conference reduced the changes of such a war, and if the Canadian delegation contributed to the success of that conference, then I submit that the effort was well expended.

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STATEMENTS AND SPEECHES

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No. 71/6

THE COMMONWEALTH HEADS OF GOVERNMENT MEETING, SINGAPORE - II

Communiqué and Declaration Tabled in the
House of Commons on February 2, 1971.

A. Final Communiqué

Commonwealth heads of government met in Singapore from 14 to 22 January. All Commonwealth countries were represented, seven by their presidents, seventeen by their prime ministers, one by the vice-president, and six by senior ministers. The Prime Minister of Singapore was in the chair.

2. This was the first heads of government meeting to be held in Asia. Heads of government welcomed this and expressed gratitude to the Government of Singapore for the hospitality it had provided.

3. The meeting expressed a warm greeting to the Prime Ministers of Tonga, Western Samoa and Fiji whose countries had become members of the Commonwealth during 1970, and particularly welcomed their membership as it brought to Commonwealth consultations additional views of the peoples of the Southwest Pacific.

Commonwealth Declaration

4. Heads of government approved unanimously and issued a Commonwealth Declaration.

International Affairs

5. Heads of government reviewed the world political situation and trends. Views were exchanged on: East-West relations; Chinese representation in the United Nations; the steps required to end the conflict in Indochina; the neutralisation of Southeast Asia; the conditions necessary for achieving a durable settlement in the Middle East; the violation of the security and sovereignty of the Republic of Guinea by the military and naval forces of Portugal in conjunction with other elements; the need for general and complete disarmament under effective international control, the cessation of the nuclear-arms race

and the conclusion of collateral measures with particular attention to nuclear disarmament until general and complete disarmament is achieved; the staging of nuclear-weapons tests and the dumping of chemical weapons in the peaceful Southwest Pacific area; and the complementary role of regional organizations and such trans-regional groupings as the Commonwealth.

Southern Africa

6. The meeting reviewed major developments in southern Africa, including in particular those in South Africa and Namibia (South West Africa), the Portuguese colonies and Rhodesia, and noted that tensions in that region were likely to increase rather than decrease unless there were fundamental changes in the conditions now prevailing. Earlier discussions on N.I.B.M.R. were recalled. There was unanimous reaffirmation of the importance of the principle that any proposals for settlement must be acceptable to the people of Rhodesia as a whole.

7. The meeting had before it the report of the Commonwealth Sanctions Committee, which reviewed the working of economic sanctions over the last two years. Heads of government authorized the Committee to continue to review the situation.

8. Heads of government discussed fully the question of the sale of arms to South Africa.

9. Heads of government considered the factors affecting the security of maritime trade-routes in the South Atlantic and Indian Oceans, which are of vital importance for a large number of Commonwealth countries. They decided to set up a study group, consisting of representatives of Australia, Britain, Canada, India, Jamaica, Kenya, Malaysia and Nigeria, with instructions to consider the question further and report to them through the Secretary-General as soon as possible.

10. Certain heads of government stipulated the understandings on which they agreed to support the proposal to set up the study group.

The Security of the Indian Ocean

11. In their discussion of a paper presented by the Prime Minister of Ceylon on the security of the Indian Ocean, heads of government agreed on the desirability of ensuring that it remains an area of peace and stability.

Economic Affairs

12. Heads of government held a full and frank discussion on the world economic situation and broadly reviewed recent developments and trends. Among the items discussed were: liberalization of trade and access to markets; the special problems relating to exports of developing countries; the generalized preferences system and the problems connected with it; international commodity problems; high freight-rates, inflation and its consequences; debt-servicing problems of developing countries; targets for the transfer of resources to developing countries; terms and conditions of assistance, including the untying of aid; supplementary financing; the possibility of a link between special drawing rights and development finance; and, the lending policies of international financial institutions.

13. Heads of government expressed their satisfaction that agreement was reached on the International Development Strategy for the Second Development Decade at the United Nations General Assembly. They reaffirmed their governments' resolve to take the measures to translate into reality the goals and objectives of the Decade. In summarizing their discussions, they also reaffirmed their conviction that fulfilment of the economic and social aspirations of the peoples of the developing countries was a matter of vital concern not only to the developing nations but to the world at large.

Possible British Entry into the EEC

14. Heads of government discussed Britain's possible entry into the European Economic Community and the implications of this for other Commonwealth members. Among the matters discussed were the questions of: the effect of the Common Agricultural Policy on the exports of Britain's traditional suppliers; the need for any enlarged Community to be outward-looking; standstill arrangements for those countries which desired or may be offered association or other trading arrangements with an enlarged Community; reverse preferences and their impact on international trading arrangements; the potential advantages and disadvantages for the Commonwealth in the event of Britain's accession; and methods of consultation during negotiations. They welcomed the resolve of the British Government to continue to press during the negotiations for measures to safeguard the interests of Commonwealth countries.

Commonwealth Co-operation for Development

15. Heads of government welcomed the establishment of the Commonwealth Fund for Technical Co-operation and noted that the way was now open for it to be made operational.

16. Heads of government discussed the recommendations embodied in a study on Commonwealth Export Market Development. They decided that these recommendations should be given further consideration at an early meeting of trade and finance officials.

Commonwealth Information Program

17. Heads of government agreed in principle on the proposals submitted to them for a Commonwealth Information Program.

Commonwealth Co-operation on Youth Questions

18. Heads of government noted with approval the Secretariat's activities in the youth field and agreed that such activities be expanded. They noted that a number of related matters would be discussed at the forthcoming Commonwealth Education Conference in Canberra. They decided that a meeting of ministers concerned with youth matters be convened as early as possible.

Commonwealth Book-Development and Gift-Voucher Scheme

19. Heads of government approved in principle the establishment of a Commonwealth Book-Voucher Scheme.

Special Commonwealth Program for Assisting the Education
of Rhodesian Africans

20. Heads of government took note of the development of the program and supported its continuation.

Commonwealth Foundation

21. Heads of government noted the progress of the Commonwealth Foundation and agreed to its proposed expansion.

Comparative Techniques of Government

22. The conference agreed that the item on "Comparative Techniques of Government", which was introduced by the Prime Minister of Canada, should be the subject of further discussion at the next meeting of Commonwealth heads of government. It was proposed that the Secretary-General should facilitate such discussion by arranging for preliminary study of the subject by appropriate officials.

Report of the Commonwealth Secretary-General

23. Heads of government took note of the third report of the Commonwealth Secretary-General.

B. Commonwealth Declaration

The Commonwealth of Nations is a voluntary association of independent sovereign states, each responsible for its own policies, consulting and co-operating in the common interests of their peoples and in the promotion of international understanding and world peace.

Members of the Commonwealth come from territories in the six continents and five oceans, include peoples of different races, languages and religions, and display every stage of economic development from poor developing nations to wealthy industrialized nations. They encompass a rich variety of cultures, traditions and institutions. Membership of the Commonwealth is compatible with the freedom of member governments to be non-aligned or to belong to any other grouping, association or alliance.

Within this diversity all members of the Commonwealth hold certain principles in common. It is by pursuing these principles that the Commonwealth can continue to influence international society for the benefit of mankind.

WE BELIEVE that international peace and order are essential to the security and prosperity of mankind; we therefore support the United Nations and seek to strengthen its influence for peace in the world, and its efforts to remove the causes of tension between nations.

WE BELIEVE in the liberty of the individual, in equal rights for all citizens regardless of race, colour, creed or political belief,

and in their inalienable right to participate by means of free and democratic political processes in framing the society in which they live. We therefore strive to promote in each of our countries those representative institutions and guarantees for personal freedom under the law that are our common heritage.

WE RECOGNIZE racial prejudice as a dangerous sickness threatening the healthy development of the human race and racial discrimination as an unmitigated evil of society. Each of us will vigorously combat this evil within our own nation. No country will afford to regimes which practise racial discrimination assistance which in its own judgment directly contributes to the pursuit or consolidation of this evil policy. We oppose all forms of colonial domination and racial oppression and are committed to the principles of human dignity and equality. We will therefore use all our efforts to foster human equality and dignity everywhere and to further the principles of self-determination and non-racialism.

WE BELIEVE that the wide disparities in wealth now existing between different sections of mankind are too great to be tolerated; they also create world tensions; our aim is their progressive removal; we therefore seek to use our efforts to overcome poverty, ignorance and disease, in raising standards of life and achieving a more equitable international society. To this end our aim is to achieve the freest possible flow of international trade on terms fair and equitable to all, taking into account the special requirements of the developing countries, and to encourage the flow of adequate resources, including governmental and private resources, to the developing countries, bearing in mind the importance of doing this in a true spirit of partnership and of establishing for this purpose in the developing countries conditions which are conducive to sustained investment and growth.

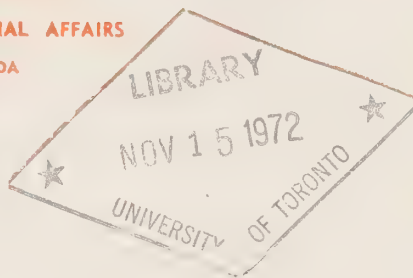
WE BELIEVE that international co-operation is essential to remove the causes of war, promote tolerance, combat injustice and secure development amongst the peoples of the world; we are convinced that the Commonwealth is one of the most fruitful associations for these purposes.

In pursuing these principles the members of the Commonwealth believe that they can provide a constructive example of the multi-national approach which is vital to peace and progress in the modern world. The association is based on consultation, discussion and co-operation. In rejecting coercion as an instrument of policy they recognize that the security of each member state from external aggression is a matter of concern to all members. It provides many channels for continuing exchanges of knowledge and views on professional, cultural, economic, legal and political issues among member states. These relationships we intend to foster and extend for we believe that our multi-national association can expand human understanding and understanding among nations, assist in the elimination of discrimination based on differences of race, colour or creed, maintain and strengthen personal liberty, contribute to the enrichment of life for all, and provide a powerful influence for peace among nations.



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



71/7

CANADA'S FOREIGN AID PRIORITIES

A Statement by Mr. Paul Gérin-Lajoie, President of the Canadian International Development Agency, to the International Development Assistance Sub-Committee of the Commons Standing Committee on External Affairs and Defence, February 4, 1971.

...My predecessor appeared before your Committee in mid-December, and during his testimony Mr. Strong covered in some detail the events of the last 20 months in which CIDA had been involved. Before the end of today's meeting, I will make available to members an annex, compiled with the help of my senior officers, which lists the highlights of CIDA operations during 1970. In my testimony today I shall look to the future, to the challenges ahead, as I define them. Since I am assuming the presidency of CIDA at the same time as the start of the Second Decade of International Development, it is particularly fitting that I look upon this responsibility with CIDA as a new challenge which will involve taking a number of new initiatives. At the same time, I will determine the basic objectives of CIDA in the light of the broad policy statements which have been set down in the Government's foreign policy review. These broad policy statements, set down last year, are being given greater precision by the work of Parliament, and of your Sub-Committee and Standing Committee.

I do not think of this as a personal challenge for myself, but as a challenge which is accepted and taken up as a collective responsibility by CIDA management and staff, and coming under the ultimate responsibility of the Secretary of State for External Affairs, of the Cabinet and Parliament. But, of course, I have a prime responsibility to identify as clearly as possible with this challenge.

Now I should like to speak in more detail about these challenges, and about the priorities for CIDA as I see them today. I should list five major priorities:

- (1) Taking fuller account of the local and social impact of our assistance;

- (2) placing further emphasis on multilateral assistance and co-operating in international moves to make the terms of aid more liberal;
- (3) putting greater impetus behind assistance to *francophone* Africa and Latin America;
- (4) speeding up the progress of projects in general;
- (5) awakening the interest and involvement of the Canadian people.

In setting these out as the major priorities for CIDA in the years immediately ahead, we are taking a course very much in line with the directions agreed upon by the world community for the Second Development Decade.

(1) Taking fuller account of the local and social impact of Canadian assistance

I shall deal with this very important subject under three headings.

First, there is the question of integration. Most of the aid given by Canada and other donor countries during the Sixties was offered in a bilateral framework which did not mesh with other projects in that particular country and were sometimes even at cross purposes. Faults were on all sides: some of the low-income countries did not have detailed development plans, while some of the donors were not interested in looking at the country's problems as a whole and preferred to think only of their favourite project. The low-income countries have learned the weaknesses of this piecemeal approach, just as we have done. There has recently been much greater concern expressed to make sure that each project of assistance fits into the general pattern of development. Numerous examples can be given of the need for integrated plans; if there is investment in some new industry, there must be investment in housing for the workers drawn to that industry; a scheme for agricultural extension services has to include rural education and community development. And, as well, the job is not complete until men and women in the recipient country have been trained to manage the project after the foreign advisers have left.

A good example of this integrated planning is the great DERRO scheme of rural development in the mountainous Tetuan province of Morocco. Canada has a technical team of seven experts already working there in different fields. This month agreements were signed under which Canada will provide an operational team for five years, equipment to back them up, and training for Moroccan technicians who will take over.

This concern for integration has to go a further stage, beyond simply providing integrated teams of experts from a particular country. It should also mean fuller co-ordination between the work of various donor countries and institutions. The Pearson Report laid heavy stress upon the need for improved co-ordination machinery, and urged the President of the World Bank to call a conference to discuss the creation of such machinery. It was Canada that led the way in this by hosting the Montebello Conference a year ago, and its work was followed up in another meeting in Heidelberg last summer. Much remains to be done to avoid duplication of work by a multiplicity of agencies. But

there are signs of partial results appearing on the ground. The BERRO-Tetuan project, which I have just mentioned, is itself being integrated into a 25-year plan to develop Morocco's six northern provinces -- a plan in which the World Bank, several UN agencies, France, Belgium and Germany are all helping.

Secondly, there is the objective of social development. It is by now widely acknowledged that the Sixties witnessed a concentration on economic development and on growth-rates measured in terms of gross national product, with too little account taken of the social development of the people affected. Both objectives -- economic development and social development -- must be retained. With insufficient foreign-exchange earnings and insufficient domestic-capital formation, countries will flounder. On the other hand, a complete preoccupation with economic growth and a neglect of the social effects -- the opening-up of wide gaps in living standards inside a country's population, for example -- can bring great dangers to that country, as we have seen in certain instances. I shall not name any such country, but I shall name one country -- Tanzania -- that probably could have raised its growth-rate by a significant amount but whose leaders decided instead that it was more important to make sure that development brought benefits for the greatest possible number of their countrymen.

CIDA, in company with other agencies, should place more emphasis on the direct social effects of its programs. Our assistance program has already begun to emphasize this consideration, and to plan how best to help the least privileged in any country with which we work. There are many ways in which to do this. Social considerations rank high, for instance, in assistance to educational programs, to public health schemes, with water supplies or agricultural extension plans or population programs. Assistance that helps create a proportionately high number of new jobs will be an important means of helping tackle one of the biggest social problems looming in the Seventies -- unemployment among young people. The technical aid Canada has given to the comprehensive schools in Guyana, the assistance with the junior secondary schools in Jamaica, take social considerations properly into account. So does our help with water supplies in the Markenburg scheme in Guyana, and with the dry-land farming in India, and with agricultural extension in Commonwealth Africa. But there must be more of such schemes. It has become easier to plan and finance these projects since CIDA was given so much more flexibility as a result of the foreign policy review. Our ability to undertake schemes with a high proportion of local costs means we can tackle projects in agricultural extension that were not possible before last year.

In saying this, one must acknowledge that for a donor country to pay heavy account to the consideration of diminishing disparities within a developing country is to move into a sensitive area of work. A donor country has to confine its assistance within the general framework of the recipient government's statement of priorities, and some governments may not put a high priority on helping the "marginal" sections of the population. But Canada has some limited room for manoeuvre, first in its original choice of countries with which to work and secondly, after that, in its tactful choice of projects within those countries.

A third concern I have, when studying the local impact of our assistance, is that the apparent Canadian interest has often been our preoccupation, to the clear disadvantage of the low-income country. The tying of much of our aid to procurement in Canada is without doubt a burden and a restriction upon these countries. We have been unable, except in special circumstances, to undertake projects that had a high local cost component; and this has been a serious obstacle to development in some cases. Several ministers of agriculture in African countries will testify to that. Some hard questions need to be asked in this context. Are we in the development field for our own self-interest? In any case, are Canadian interests and local interests often -- or indeed ever -- irreconcilable? If development is seen in a long enough perspective, they surely are not. I am very happy that the foreign policy review last year gave CIDA a good deal of new flexibility which will enable us to pay more account to local interests by financing for example, a higher proportion of local costs. As well, Canada is this year actively involved in the OECD Development Assistance Committee's study of ways to untie aid. As members know, Canada has during the last year made its own moves to untie a large part of its development assistance -- by increasing the multilateral proportion, by offering to provide 20 per cent of its bilateral aid on completely untied terms, and by offering to pay all shipping costs. The same spirit, if not exactly the same approach, led the 17 main donor countries to concentrate on ways of untying bilateral development loans during the DAC "high-level" meeting in Tokyo in September. Canada has welcomed this spirit, and CIDA officers have been vigorously involved in many discussions that have followed the Tokyo meeting. At the same time, we have been concerned that this new preoccupation among DAC members with plans for untying aid does not cover over a decline in the volume of aid, or a hardening of financial (as opposed to procurement) terms. Members received last month a position paper that went into further detail on this subject; but I should like to emphasize that, if there is international agreement through the DAC on concerted steps to untie bilateral development loans, the effects of this may be very profound.

(2) Placing further emphasis on multilateral assistance, and co-operating in international moves to untie aid

The DAC moves on tied aid are one aspect of a greater emphasis which the donor countries are placing on multilateral and co-ordinated assistance. Canada has a good record in this field already. It has been a leader in the moves to replenish and enlarge the funds of the International Development Association (or IDA, as it is called). We have been ahead of most donor countries in the proportion of aid funds channelled through multilateral agencies, and the foreign policy review took us further on this road by laying down the target figure of 25 per cent. With the third replenishment of the IDA starting next year, Canada will be close to that target figure, for our contribution will double to keep pace with the doubling of the total fund.

There is also our work with the regional development banks. We have helped establish the Caribbean Development Bank, and are now active in trying to launch a special fund of soft loans inside the African Development Bank. With the Asian Development Bank and the administration of the Inter-American Development Bank, our advances of funds have not been taken up as quickly as one could hope; part of the difficulty has been the tying of our funds to

procurement in Canada. We must do something about this. In the world-wide discussions about how best to untie aid in a concerted and controlled way, a good deal of agreement is gathering around what is often called the "Dutch proposal"; this is simply a proposal that all the lenders to a particular development bank who agree to untie their aid in it may compete openly for procurement among themselves and with any producers in these developing countries. Funds may well move faster, and projects be implemented more swiftly, as a result. If agreement is reached on some such proposals in the regional banks, it may serve as a model for larger untying moves with the rest of bilateral loans.

A blurring of the lines between bilateral and multilateral aid is starting, in fact, as more and more of our bilateral assistance is offered on untied terms. To measure the effect from the procurement end, there is not much difference either. Under the guidelines of the foreign policy review, we now tie about 50 per cent of our bilateral assistance to procurement in Canada. Meanwhile, we have recently been receiving back in the value of contracts made by IDA borrowers the equivalent of about 50 per cent of the funds we contribute on untied terms to that pool. CIDA and Industry, Trade and Commerce are making a special effort to improve Canadian suppliers to win a fair share of the contracts awarded by multilateral institutions. Bread thrown on the waters does return to you, and not necessarily after many days. This is surely evidence that, even in considering the short term, Canadian interests and local interests are not irreconcilable.

(3) Putting greater impetus behind assistance to *francophone* Africa and Latin America

We have a particular opportunity, which I wish to take, to put into effect in our most recently launched programs the considerations about which I have just been speaking: a heightened concern about social and local impacts and an eagerness to make use of the new flexibility we enjoy with more liberal terms of aid. Our programs in Asia, Commonwealth Africa and the Commonwealth Caribbean are becoming mature and well-rounded programs; these considerations will equally apply to them, but it is in the two newest areas of work that these considerations can most immediately shape the development of our assistance plans. This is one substantive reason why I intend to put stress upon the programs in *francophone* Africa and Latin America. Let me speak about each of these programs in turn.

CIDA's program in *francophone* Africa has until now been strongly oriented towards providing technical assistance. But a start has been made in implementing plans to support more innovative development projects. We need to put more impetus behind the delivery of capital assistance to the *francophone* African states. From our figures of commitments of grants and loans, it is clear the impetus is beginning to build up; but again there is more to do. Our growing association with these countries is valuable in several ways. Through the association, we link ourselves as friends and partners with an important sector of the human family in Africa; through it we can use the great range of knowledge, experience and expertise that lie within the French-speaking communities across Canada for the benefit of the developing countries; and through it the *francophone* African states can go

beyond their past dependence for assistance on France and Belgium and find access to new relations around the world. Again let me stress that since this is a comparatively recent program for Canada, we can seize the opportunity to shape our work there so that it fits as closely as possible to the objectives defined in the latest thinking among donor and recipient countries, and to the objectives of social development which I have been describing.

There is a difference with CIDA's bilateral program in Latin America. It will be oriented, at least at the start, towards the supply of technical assistance. This is, however, balanced by the fact that the \$60 million we have already advanced through the Inter-American Development Bank is being taken out in the form of capital assistance. Our new program of technical assistance will, as far as possible, be linked to work in education, agriculture, forestry and community development that may help to spread the benefits of change over a comparatively wide section of the people. The countries to which the CIDA teams of specialists have begun to go to identify specific projects -- Colombia, Peru, Brazil and the Central American republics -- are ones where the need for development assistance is great, and yet where there is planning organization within the countries to make good use of such assistance. This does not mean that we shall not offer similar assistance to other countries in Latin America in due course; we are also concerned to help in regional projects and in schemes of third-country training scholarships. There is nothing, therefore, exclusive about the list of countries the CIDA teams have started to visit.

(4) Speeding up the progress of projects

It is, of course, one task to plan the substance of new programs in *francophone* Africa and Latin America, and another task to complete them within the shortest possible time. The question of speedy implementation (or, as it is sometimes put in a slightly less constructive way, the problem of disbursements) has been raised in your Sub-Committee, as well as in the recipient countries and among the general public in Canada. There are contrasting things I wish to say on this subject. First, we should recognize that international development is a complex business: it must be clear that development projects, involving millions of dollars, are not matters to be settled overnight. Completing a capital-development project is, more often than not, a matter of years. For food aid, commodity assistance and technical aid, the "pipeline" from appropriation to disbursement is shorter. CIDA planning and operations officers have worked hard, within their present capacity, to cut the pipeline as short as possible.

But secondly, I should add, in contrast, that there are certain improvements to be made. Now that the structure of the Planning and Operations Branches have been fitted more smoothly alongside each other, the CIDA capacity to speed up implementation of projects can perhaps best be improved through an increase in staff who are familiar with the region with which they work, and who have skills in the business of international development. This is a new point not sufficiently stressed. International development is a relatively new, and certainly unique, business. CIDA has been learning, through its own experience, about the rather special type of qualifications required in its staff; a virtually new category -- that of development officer -- is emerging. And we need more of them.

Other improvements may be achieved if more of the minor decisions are made in the field, possibly through decentralizing from Ottawa the authority to approve small projects up to a certain ceiling of funds. Again, the forward commitment authority given to the Agency is an instrument of which more use must be made. Until very recently, the preoccupation in CIDA has been to plan the commitment of present funds; we can now advance a good distance beyond that point. Finally, as a result of the foreign policy review, CIDA gained many new kinds of flexibility, and we must take full advantage of them to speed up the delivery of our assistance.

(5) Awakening the interest and involvement of the Canadian people

Now I should turn away from a discussion of dollars and other figures. Since international development has its basis in the idea of a shared world, of solidarity among all people in the world, Canada's contribution should not only be a financial and technical one. It must also have a humanistic foundation. For it to possess such a foundation, the Canadian people should feel as personally involved as possible. This is a matter of building up a moral and long-lasting attitude, rather than conducting a short-term campaign to arouse support for particular projects or targets. We should all admit that this work until now has been done in a spotty and not very methodical way. To say that is not to underestimate the enthusiasm and bright ideas of those who have worked to tell Canadians about the issues of international development. There have been good starts (the Miles for Millions Walks are an example) but they are no more than starts.

There needs to be a much more concerted effort to involve the Canadian public. The people and the talents are clearly available. The growth in our development program overseas has generated among many Canadians a desire to participate more actively in international development. In this context, I should like to pay a particular word of praise to CUSO (Canadian University Service Overseas). CUSO represents one of the most dynamic initiatives that Canada has taken in the non-governmental sector. The tributes which it has earned from the leaders and people of the 40 or more countries around the world where 1200 of its workers are at present posted is a tribute to Canada herself. Beyond the work they do as employees of those governments and institutions abroad, they build a further link of interest and understanding between their families and friends in Canada and the countries in which they are serving. And, beyond CUSO, there are 100 other non-governmental agencies whose assistance to developing countries in funds raised and workers sent abroad has a value estimated at more than \$30 million a year. This is impressive evidence of public support for international development and for the Canadian Government's policies in this sphere.

I believe that we can and must respond directly and imaginatively to the growing requests for information and education programs. In doing so we shall help to create a more aware public, which is essential if we in Canada are to meet our responsibilities as an economically-privileged member of the world fraternity. In this the non-governmental agencies can play a significant role; reaching out into large and small communities across Canada, they can bring the cause of international development to Canadians in all walks of life.

The UN Second Development Decade presents us with an opportunity for some fresh initiatives in this respect. Your Committee has recently heard proposals on this subject, including one to establish a national commission on development. I am studying these and other possibilities carefully. I am particularly anxious that our young people should be closely associated with any new initiative that is taken. They have demonstrated in many ways, at home and abroad, their enormous potential for creative and constructive tasks. Moreover, they are going to be most affected by the achievements -- and the failures -- of the next ten years. I should like, therefore, to harness the idealism and vitality of young people to give real thrust to the plans for the Development Decade. I shall do my utmost to work closely with them.

A second aspect in the involvement of Canadians is the participation of business. Many developing countries, with memories of their colonial experience, are suspicious of foreign business and tend to overlook the creative contribution which the free-enterprise system could make to their development.

Canada, as a nation that is very familiar with the problems of foreign investment, could perhaps play a more understanding and sensitive role in this respect. Canadian private investment could, if it proceeds wisely and carefully, help to create a new image of the foreign investor as a partner rather than as a potential exploiter in the developing countries. This is no easy role to play, but I believe CIDA should make efforts to help businessmen who look upon investment in low-income countries as a genuine partnership out of which can come a shared and mutual benefit.

The need for increasing the flow of Canadian private resources is only too apparent, if we are to meet the 1 percent target of GNP. Official development assistance may come close to the 0.7 percent target before long, but there is the other 0.3 per cent, most of which is implicitly expected to come from private sources. Up to now Canada's private flow has been one of the smallest, but it need not be in years to come. CIDA's Business and Industry Division has met a lively response in its first few months of offering help with starter surveys and feasibility studies. The initial response suggests there may be a reservoir of investment as yet untapped.

As well as encouraging Canadian businesses to consider investment abroad, CIDA and the Government generally have a responsibility to ask them to consider their role at home in relation to developing countries. By that I mean Canadian producers and the Government must face important issues of trade policies, particularly the protection of domestic industries from the competition growing in the low-income countries. I see a danger here in the polarizing of attitudes. There are groups today, such as Canadian textile manufacturers and workers, who face hard times during this period of high unemployment and quite naturally call for protection; others, like Canada's beet-sugar growers, hope to expand and want subsidies. At the other pole are those who call for a swift end to these arrangements so that Canada may offer to producers in the developing countries the most open access for their goods.

I do not think it will help anyone if the textile men and the sugar-growers in Canada and other such groups feel themselves pushed onto the defensive and into a corner. Professor Reuber put it well in December when he said the Government needs to find "a long-run policy (with) underlying assistance arrangements, and then to see it through and not shift ground depending upon the particulars of the day". To put it another way, there needs to be between the Canadian Government and producers a broad and positive discussion about the trends of world trade and about the changes and readjustments in which all can benefit, as long as these changes are planned over a steady period.

I should speak specifically for a minute about CIDA's own Information Division and its public information program. An agency such as CIDA needs to mount an intensive program of communication with both the general public and specialized publics. I have spoken a good deal about the active involvement of Canadians in international development; but involvement can also be intellectual, for professors and housewives and everyone else. They are due, and they should have, as complete an explanation as possible of the ways in which an increasing portion of public funds is being used abroad. As well as reporting on particular CIDA activities, the Information Division is being reoriented so that it can help explain broad development issues to Canadians, and so that CIDA's efforts can be better seen in fuller perspective. The Division is being built up so that it may go beyond the point of responding to inquiries and recording particular events, to the stage where it may to a degree anticipate and recognize new trends in the policies and work of international development, and help explain them in good time to the Canadian public.

Conclusion

This statement of mine, of priorities and preoccupations, has to be seen against the background of the more general and fundamental objectives of Canadian international development activities. I should like to close by summarizing those objectives, as I see them.

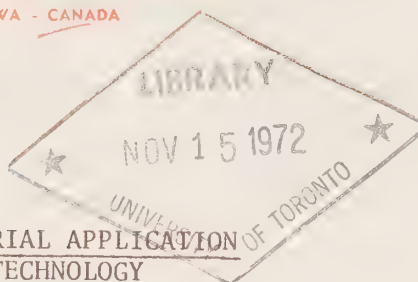
First, there is the objective of helping the low-income and less-favoured nations shape and develop a society according to their own national priorities, so that they may enjoy a larger share of the benefits of life which we enjoy in the richer countries.

Secondly, there is the task of playing a significant, if not a leading, role in developing a new international community with a different set of values, as expressed in terms of national expenditure, from the values accepted today. I look towards an international community where smaller and smaller sums of money and effort are spent on military activities, and where we all make increasing contributions to the task of improving the living conditions of all humanity. This objective is founded on the belief that humanity, for all its superficial divisions, is an indivisible and closely-knit community where any significant development in one group has an inevitable and swift repercussion on the whole. We cannot avoid our responsibilities; the challenge is to face them with spirit and imagination.



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



71/8

CO-OPERATION IN INDUSTRIAL APPLICATION OF SCIENCE AND TECHNOLOGY

A Statement to the House of Commons on February 4, 1971, by the Minister of Industry, Trade and Commerce, the Honourable Jean-Luc Pepin.

...I should like to table, in the two official languages, copies of the agreement between the Governments of Canada and the U.S.S.R. on co-operation in the industrial application of science and technology, the protocol of the first meeting of the Canadian-Soviet Mixed Commission, as well as the communiqué issued at the end of those talks.

I had the honour of leading the Canadian delegation composed of civil servants and businessmen. The purpose of this visit was to sign the agreement referred to, and to hold the first meeting of the Canadian-Soviet Mixed Commission set up under the agreement.

We were greeted warmly, our discussions were constructive, and everything seems to indicate that they will lead to mutual benefits.

The agreement aims at encouraging co-operation between the two countries in the field of industrial science and technology. That co-operation could take the form of exchanges of information, and visits of businessmen and experts. It could also lead to licensing agreements in specific areas of technology.

It might lead to all kinds of "joint ventures". I suggest it will also lead to increases in two-way trade between the two countries.

Numerous meetings were held in Moscow between members of the Canadian delegation and their opposite numbers in various industrial and research sectors of the Soviet Administration. These discussions identified a considerable range of subjects of mutual interest to the two countries. As a result, six working groups have been established in order to further identify prospects for mutually beneficial exchanges. The groups are as follows: architecture, construction and building materials; forest-based industry; the non-ferrous metals industry; electric power industry; the oil industry, and the gas industry. Formation of an additional group to consider airport design, facilities and servicing is under consideration.

Certain features that emerged from the discussion are worthy of special mention:

- (1) Problems arising from severe climatic and permafrost conditions are of considerable interest to both countries and have been identified for study by the working groups in construction, electric power, the oil industry and the gas industry.
- (2) The naming of the six working groups I have mentioned does not, of course, exhaust the area of possible co-operation in the industrial application of science and technology. In addition to working groups, other contacts will continue, and further working groups may be established by agreement.

I was impressed by the speed with which our Canadian businessmen and experts were able to get down to specifics with their Soviet counterparts.

The next session of the Mixed Commission will be held in Ottawa early in 1972.

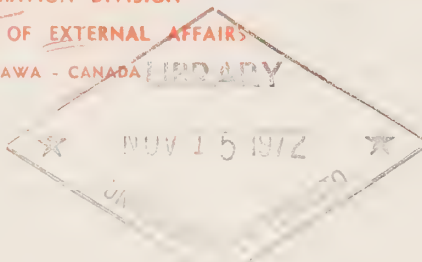
While I was in Moscow, I met separately with Mr. Patolichev, the Soviet Minister of Foreign Trade. We engaged in a useful review of trade developments and of prospects for the further expansion of trade. I was invited also to call on Mr. Polyansky, Deputy Premier of the Soviet Union. Our discussions covered the broad range of relations between Canada and the Soviet Union. Mr. Polyansky particularly asked me to convey to the Governor General of Canada and to the Prime Minister the greetings of Mr. Pòdgorny, President of the Soviet Union, Premier Kosygin and First Secretary Brezhnev. He also asked me to tell the Canadian Prime Minister -- and I do so now -- how much the Soviet Government is looking forward to welcoming him to the Soviet Union later this year.



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No. 71/9

THE EVOLVING ROLE OF THE CANADIAN WOMAN

An Address by Prime Minister the Right Honourable
Pierre Elliott Trudeau in Toronto, March 3, 1971.

Canadians by and large tend to think of Canada as a land of immense potential. Not just as a big land, which it unquestionably is. Or a privileged land, as many others enviously regard us. But as a land of limitless promise. A land, perhaps, on the threshold of greatness.

This attitude sets Canada apart. Canada becomes identified as a land in transition; one with a brilliant future. To much of the world, Canada appears to be the land of opportunity.

A country does not achieve greatness by itself, however. It requires the application of human resolve. Opportunities must be seized by people. Promises must be redeemed by individuals.

Our national performance can never exceed the sum of our individual performances. There is no alchemy available to governments (or to statisticians) which can make Canada something other than the product of our talents, our efforts, and our accomplishments. If Canadians, individually, perform badly, Canada cannot be otherwise. If Canadians, individually, are indifferent -- "copping-out" is the expression of the "Woodstock generation" -- then so will be Canada. There can be but a single aim for Canada and for Canadians -- a standard of excellence.

Canada is not so wealthy in human or in material resources that we are able to cater to mediocrity in any of its manifestations, or to ignore or misuse the talent in our midst. No society is that wealthy; none has ever so acted without suffering as a result. Canada must somehow offer challenging opportunities to all its citizens and must foster within them the desire to perform well.

One need not look far in this or any other Canadian community to find evidence of low standards and poor performance, of misused or wasted skills. We cannot claim with honesty that our present level of achievement is the best we can attain; that our accomplishments in the arts or in science, in business or in government, are adequate. They are not. They are not

for several reasons, one of the most unfortunate of which is society's refusal to offer to all Canadians an opportunity to participate and to contribute to the extent that they are capable and to the extent that they desire. This refusal reflects a variety of circumstances -- sometimes prejudice, sometimes nepotism, sometimes indifference, sometimes economic fallacy. Whatever the circumstance, however, society suffers and Canada is less than it might otherwise be.

Measured on the scale of human history, society has been slow in identifying these factors and even slower in moving to overcome them. Active programs to combat discrimination on a variety of grounds have gained widespread acceptance only in recent years. . . . Concern about the plight of the unemployed and the under-employed has a much longer history in the Western world, but even so there has not been sufficient thought given to some of the basic conditions of human activity. The industrialized states are only now coming to grips, for example, with questions about the appropriate use of a person's time; with the unnecessary inconsistencies between employment for economic gain, on the one hand, and occupation for human or social benefit, on the other. There is still another, and even broader, area of human activity which until recently has been almost ignored in this country and, as a result, has denied to countless numbers of persons adequate opportunity to contribute to Canada as they are capable of doing. This area of activity affects personally at one period or another in their lifetime fully one-half of our population. Every woman in Canada possesses skills, competence, energy, knowledge, warmth, and abilities which are of immense value and yet which are often under-utilized because they are all too often either channelled thoughtlessly and automatically or are underestimated in their importance.

So long as these circumstances continue, we are denying to our society benefits which we can ill afford to lose.

I am convinced, however, that those circumstances will not be permitted to continue. I say this because, in my view, one of the most heartening and exciting aspects of our age is the willingness and the desire of people, and especially of young people, to look at old problems in different perspectives and to approach conventional wisdom and attitudes with a refreshing and questioning candour. This challenge to convention is apparent in many areas; it is, for example, causing us all to reconsider the manner in which we regard the role of women in a modern community. It should cause us to question the social effects and liabilities of traditional attitudes.

I think it can be said with certainty that our society would not now be as it is if, in the course of the last half-century, women had occupied a large number of positions of influence and decision in government and industry. Would we, for example, be experiencing today the same threat of environmental pollution, which is largely attributable to a male-dominated technology? Would it have taken so very long for governments to have become aware of the need for extensive protection of the consumer? One might even conjecture that policies in the broad areas of administration of justice, correction of offenders, and criminal rehabilitation would now evidence more compassion and, perhaps, more success in their aims, had women's special qualities been introduced and utilized by the community. In short, would we as a society have laid greater emphasis upon quality as a factor in the lives

of Canadians had women been given the opportunity to play a more influential role? We do not know, but we do know that immense numbers of talented persons have not had a chance to compete and contribute in the fields of their choice, whatever bent their contribution might have disclosed.

Convention, ignorance, fear, lassitude, acquiescence, and even prejudice -- these and other factors have combined for centuries to deny to women equal opportunity to choose without restriction their own careers and to develop without discrimination their own abilities. Society has paid a heavy price for these policies. Part of the price is reflected in the fact that there is still no force strong enough to overcome instantly such an accumulation of attitudes. Yet there is ample force to disclose the heavy toll in unused human potential which is the product of these attitudes. And, fortunately, it is this force which is now being brought to bear in the form of thoughtful studies which reveal the cost of our past and the penalty which we shall pay in the future unless we change, and change rapidly.

It is always easy to talk of change. Talk is often an excuse for inaction. Creating the conditions for change is something that can be accomplished by talk, however. It helps, for example, to recall how iniquitous was the legal position in Canada of women even a few years ago. In 1928, a date well within the lifetime of many in this room, the Supreme Court of Canada was still able to interpret the word "persons" in the British North America Act as not including women for purposes of appointment to the Senate. If ever a reply were needed to the often-voiced male contention that women themselves have chosen their limitations, then this is surely it: that the highest court in the land could decide solemnly in the year 1928 that women are not, under the Constitution of Canada, persons.

Changes have of course come but they have come ever so slowly. It has been 55 years since the franchise was first extended to women in Canada (in Manitoba), yet in that entire interval only two women have served in federal Cabinets, and today, of 264 Members in the House of Commons, only one is a woman. Indeed, in the half-century between 1920 and 1970, only 18 women have been elected to Parliament.

It was in 1916 that Emily Murphy was appointed by the government of Alberta as the first woman to hold judicial office in Canada, yet in the 55 years since that event only one woman has been seated on the bench of a superior court in the entire country (in Quebec in 1969).

In these circumstances, it is perhaps not surprising that there exists in this country an air approaching unreality in many public discussions of the stature and role of women. Arguments are voiced, on one hand, that women -- all women -- are or should be fulfilled only in the role of mother and homemaker. At the same time, one hears on the other hand allegations that laws regarding women are not to be respected because they are the product of male-dominated legislatures. In extreme instances these opposing views are voiced with considerable vehemence. And, following the pattern of all extremist groups, governments are described as non-representative by persons who claim through some undisclosed authorization to be themselves truly representative of all the members of their generation, or their linguistic group, or their sex. There is nothing new in this respect, it appears. I was

amused to learn that, in 1912, Sir Rodmond Roblin (then Premier of Manitoba) complained that he was "opposed by all the short-haired women and the long-haired men in the province".

There is no known ideal remedy to correct the injustices now accorded to both women and men by society's continued division of so many activities on the basis of sex. As we search for remedies we should be guilty of intellectual dishonesty if we underestimate the weight of tradition or the depth of bias -- both conscious and unconscious -- which permeates each of us. There can be no expectation that any of us, men or women, can overcome these attitudes in a period of months or even years. They have been part of us for too long.

There are, of course, remedies and influences which can be, and are being, brought to bear. Some of them -- many, I hope -- will have immediate effect, but others will require a long period of application because of the very nature of the attitudes to be changed. Some of these attitudes, I venture to guess, are apparent at this moment in the minds of some of you. Were we involved in a psychiatric exercise, I could ask who of you at this moment are saying to yourselves: "Women! Why doesn't he speak on an important subject?"

Attitudes of this sort, shared by women as well as by men, originated in the earliest phases of human evolution. The human race developed then patterns of behaviour to guarantee its existence as a species. Those patterns have continued in varying degrees in many societies throughout the world. It would be senseless for us to ask now if the species could have survived some other way. We need bear no feelings of guilt for attitudes that developed through history, but surely now that we have escaped from pure necessity we would be guilty should we refuse to question our present attitudes; should we refuse to regard women as persons in the total sense of the word.

In these circumstances, it may be too much to expect -- of government, of women, of society -- that we achieve more in the near future than a mere beginning of understanding. But how important it is that we try. And how momentous if we do achieve more, as the open and healthy attitudes of younger people convince me we shall.

Perhaps this generation has recognized, as past generations have not, that discrimination based upon sexual or racial reasons lasts for a lifetime. There are, after all, only two permanent conditions attributable to human beings. One is sex. The other is race. All other distinctions from which discrimination may grow are temporary in nature or are subject to change. Education, religion, language, age, health, economic stature, experience -- all are or can be transient. Discrimination based upon sex or racial origin is thus doubly unfair. The person against whom the discrimination is practised had no choice of origin and has no option of change.

For the same reason, because of this permanence of condition, none of us -- men or women -- are able totally to understand the view of the other sex. It is impossible in this realm for either of us to perceive objectively; none of us can remove ourselves from our bastions and look in from a neutral vantage point. Yet we must try; we must begin to try. Unless we overcome these barriers to understanding, we are less than we might be -- less than we should be. Society cannot become mature without the full participation of women. Society will not become mature without a sharing of experience.

In mechanics, when two equal and parallel but opposite forces are applied to the two ends of a lever, they are said to form a couple - a dynamic system.

The basic forces in society obey similar laws. The two elements that compose society - men and women - form a couple - or system - of forces, even at the group level. When these forces are combined, their efforts are multiplied, and acquire new and previously unsuspected dimensions. Together but different, equal but distinct, men and women can discover each other, can have a mutually creative influence on each other, and can thenceforth discover and create an infinitely more exciting and fruitful world than they could acting independently.

Participation in human activity by women is, therefore, not only valuable but indispensable.

The participation will be based upon equality, not upon identity. Women are not men; they have not demanded that they be treated as if they were men. They ask only, and deserve, that we remove the remaining barriers to their full participation in the Canadian community. Barriers put in place by a society which purports to educate women on the same basis as men and then denies to those women the chance to do the tasks for which they have been trained. Barriers which, in many instances, have been maintained -- even though not raised -- by women.

Some of the barriers are of recent origin; others have beginnings shrouded in the mists of early history; some are the product of "male chauvinism"; still others are rooted in social patterns that have remained distinct and viable from century to century. Each category requires separate appraisal. The conception of the family unit, for example, has resisted change in almost every society in every country in every age of recorded history. Certain skills are required in the raising of children, certain functions demand to be performed. The nominee to supply these skills and perform these functions need not be determined by a sexual qualification, but equally these skills and these functions cannot be overlooked or rejected in our desire to overcome the shortcomings of the past. The role of the family and the place of children must be examined at the same time as we examine the role of adult persons.

This does not assume a "place" for women; it accepts distinctive contributions. The challenge should be to accept distinction through accommodation, not to petrify it through discrimination.

Are we right in assuming, for example, as so many persons now do, that employment, rather than occupation or contribution, is the primary criterion of usefulness; that motherhood and the education of children is not a task as important, as challenging and fulfilling as any in the world? I am sure we are not. Are we not remiss in our oft-repeated failure to recognize spontaneously and more enthusiastically the immense contribution to society made by women through their participation in volunteer activities? At the same time, are we confident that our society could not become more rewarding -- perhaps even more productive -- if it dropped its insistence on standard 40-hour work weeks and permitted variable work schedules to many women who have some time, much talent and considerable incentive? Are we even aware of

the range of rich benefits that we deny ourselves by restricting so severely and casting so rigidly relations between men and women? Do we think of one another as persons?

In sexual discrimination, as in racial discrimination, the stature of the person discriminating suffers as much as that of the person discriminated against. Both persons are losers in the process.

And society is the loser as well. The entire community is denied the contributions of large numbers of women in capacities that we in Canada for decades have regarded as masculine preserves. There is no evidence, for example, that the standards of health-care in the Soviet Union, or the durability of Soviet bridges, are less than what they might be because of the large -- in one instance, overwhelming -- number of women in the medical and engineering professions. There is no evidence that the people of India, of Ceylon, of Israel are less well served by governments headed by female prime ministers than would be the case had men retained those offices. Indeed, from my own recent meetings with Prime Ministers Gandhi, Bandaranaike and Meir, I would suggest that the evidence is quite the other way. Yet in Canada we have permitted ourselves to develop attitudes which are hostile to the reception of women into a number of professions and trades and into politics. In the result, each one of us, men and women, is demeaned.

Attitude has been the contributor of most of the obstacles which now confront women in Canada. But more than a change of attitude is required in order to overcome discrimination and to provide opportunity. Some laws will have to be changed to eliminate the anomalies and inconsistencies which have crept into our common-law system from days when women were regarded as legal chattels -- regarded, virtually, as the property of their husbands.

We should examine with care all aspects of equality and partnership embodied in the marital state. Some special protections and features will always be necessary, but we should be performing a disservice if we introduced into our laws even more inconsistencies, as could happen by the adoption, say, of both the concept of community of property and the suggestion of state payments to wives for household services.

Some of this necessary examination of the status of women has recently been performed, and performed very well, by the Royal Commission under the chairmanship of Florence Bird. The Commission recommended a number of changes which it regards as essential in order to continue the process of placing women on an even footing with men. Forty of the 167 recommendations are directed to levels of government other than the Federal Government. A number of others are directed to the private sector, and to agencies such as the Senate and the House of Commons, which are not within governmental control. The balance, however, are recommendations for the consideration of the Federal Government, either by itself or in conjunction with the provinces or territories.

In the short interval since the report was tabled, a number of steps have been taken to ensure informed and co-ordinated Federal Government action in response to it. Most important of those steps is the Government's announced decision to give priority consideration to the recommendations.

We have already appointed within the Privy Council Office a highly-qualified person whose responsibility it is to ensure informed and co-ordinated Government action with respect to the report. An interdepartmental committee will examine those recommendations directed to the Federal Government. It is under instructions to complete its work as quickly as possible and to submit reports periodically to Cabinet.

A number of the recommendations of the Royal Commission already have been made the subject of proposed Government action. The White Paper on Unemployment Insurance proposed broadened coverage and provisions for interruptions of earnings due to sickness and maternity. The Speech from the Throne in October revealed that Parliament would be asked this session to consider a new set of labour standards for industries within federal jurisdiction. The Speech from the Throne and the list of bills tabled in the House of Commons thereafter included references to citizenship; the draft legislation will attempt to meet those issues raised by the Royal Commission. The recommendation dealing with citizens' information centres is entirely compatible with a major recommendation of the Task Force on Government Information and some progress is already evident.

Programs to serve the needs of women of the Indian and Eskimo cultures are being developed and expanded, and language classes for immigrant women are being supported federally by nearly \$900,000.

In the matter of corrections, there are substantial areas of agreement in the treatment of women offenders between the Ouimet Report and the Bird Report. The Solicitor-General has indicated his interest in attracting to his department women prepared to work in the fields of prevention and rehabilitation.

The Department of National Health and Welfare is taking steps to support the development of family planning in Canada and is prepared to enter into discussion with the provinces on ways and means of establishing high-standard day care.

The problem and the challenge are of wider scope, however, than the acceptance or denial of some or all of these recommendations. They involve the desire of Canadians to employ to the fullest the talents of all Canadians; they involve a desire to excel.... We have attempted, through Order-in-Council appointments, to increase considerably the number of women filling important public offices. In proportion to the number of men occupying positions in this category, the total is still not impressive, but, in comparison with the number of appointments in previous years, the record is one of which I am proud. I propose to better it and invite all Canadians to exhibit impatience with our rate of progress in this respect.

* * * * *

Until Canada is given the opportunity of utilizing to the full the offerings of all Canadians, this country and the people who live in it will not gain fulfilment. We cannot assume that the contribution of women will be a mere extension of or even support for the contribution of men. Their performance will not only be original, it will be sometimes competitive and

sometimes complementary. We have no means of perceiving the dimensions of their offering; we know only that it will be rich, that it will be persuasive, and that it will enhance our society and all who live in it. It is an exciting prospect.

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No. 71/10

CURRENT DEVELOPMENTS IN INTERNATIONAL LAW AND CANADIAN FOREIGN POLICY

A Speech by the Secretary of State for External Affairs,
the Honourable Mitchell Sharp, to the International Law
Association and Canadian Institute of International
Affairs, Montreal, March 29, 1971.

...Perhaps I might begin this brief survey of current international legal developments by looking at the work of the United Nations, where so many of them have taken place. Since 1945 (admittedly with ups and downs, but with a definite ascending curve), the United Nations has been actively pursuing the goal of an international order based on the rule of law. In particular, the world organization has lead the way in enshrining basic principles of human rights and human dignity in international documents and legal instruments. The Universal Declaration of Human Rights of 1948, the International Covenants on Economic, Social and Cultural Rights, and on Civil and Political Rights, of 1966 and the International Convention on the Elimination of Racial Discrimination, also of 1966, are accomplishments of great significance. The Racial Discrimination Convention was ratified by Canada while the twenty-fifth United Nations General Assembly was meeting last autumn and we are now pursuing with the provinces the question of becoming a party to the International Covenants. These instruments, taken together with others dealing with refugees, relief and rehabilitation and the status of women, constitute, in a very real sense, an international human rights bill. Canada will continue to play a prominent role in all such international efforts to uphold and protect the fundamental rights of all peoples everywhere.

Another area of great importance is the development of international law relating to the environment. When we speak of the environment today, our minds automatically turn to pollution. However, the United Nations lawmaking activities in this field began with relatively unpolluted environmental regions such as outer space and the seabed. Only recently has the organization taken up the immense problems of the growing pollution of our soil, waters, and the air we breathe. The 28-nation United Nations Committee on the Peaceful Uses of Outer Space, of which Canada is a member, was responsible for the drafting of what may be called the outer space "charter", the 1967 Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies. In addition to postulating

the peaceful character of space exploration and the rule that celestial bodies are not subject to national appropriation, the treaty obliges states to avoid harmful contamination and damage to the earth's environment resulting from space activities.

In 1967, the General Assembly established a special committee to examine "the reservation exclusively for peaceful purposes of the seabed and ocean-floor and the subsoil thereof, underlying the high seas beyond the limits of present national jurisdiction and the use of their resources in the interest of mankind". This subject, with its far-reaching legal, political, economic and military implications, will be a matter of intense study and debate for some time to come. Canada was one of the 35 countries on the original committee and we are currently an active member of the new enlarged Preparatory Committee for the 1973 Law of the Sea Conference, about which I shall have more to say shortly.

A subject directly allied to peaceful uses of space and the seabed is nuclear-arms control. Both the 1963 Partial Nuclear Test-Ban Treaty and the 1968 Treaty on the Non-Proliferation of Nuclear Weapons, as well as the seabed arms-control treaty of 1971, are significant landmarks. Endeavours to proscribe all chemical and bacteriological weapons of war and all underground nuclear tests are currently under way and Canada is playing a major role in these discussions at the Geneva meetings of the United Nations Conference of the Committee on Disarmament.

The United Nations has also been organizing efforts on a number of fronts in preparation for the Conference on Human Environment, which will be held in Stockholm in 1972, with Maurice Strong as Secretary-General. There have already been two Preparatory Committee meetings, in September of last year and this February. Canadian delegations participated actively in both sessions in keeping with the vigorous role Canada has played nationally and internationally in the adoption of anti-pollution measures. In particular, we are attempting to gain general agreement that the proposed declaration on the human environment include substantive principles of international environmental law and not mere expressions of desirable objectives.

One of the difficulties faced in the development of effective international law in this field is the attitude of the developing nations. The developing nations are very aware that environmental pollution is a by-product of industrialization, itself an essential pre-condition of economic growth. These nations see in the thrust toward international pollution control an attempt to preserve their countries as "game preserves", to use a colourful expression. Developments in international law must be in step with developments in technology that will enable the less affluent nations to enjoy the benefits of industrialization without incurring the dangers of unacceptable levels of pollution.

This must come about in a way that will enable these countries to compete in international markets. There is no fair or acceptable way to require developing nations to build higher costs into their economies than are faced by the technologically-advanced nations. At the same time, any attempt to make an exception for the developing nations by providing lower standards of pollution control for them would be self-defeating. It would

set up sanctuaries which would attract those industries responsible for the worst type of pollution, causing eccentric and unhealthy capital flows and laying up trouble for the future.

Problems of this kind remind us that advances in international law do not take place in a vacuum. The underlying political problems must first be solved, and political agreement reached. Generally speaking, this is the stage of greatest difficulty, where movement is slowest. Once political agreement is achieved, the writing of the law becomes a highly technical matter for experts.

Still within the United Nations framework, the Specialized Agencies have also been very active in the creation of new international law. The work of one such agency, the Intergovernmental Maritime Consultative Organization (IMCO), is closely related to protection of the environment. Canada has been participating in preparing for the IMCO-sponsored Marine Pollution Conference, to be held in 1973. The elaboration of a draft Convention on the Establishment of an International Fund for the Compensation of Victims of Oil Pollution is of particular concern to us. We are also involved in the Maritime Safety Committee of IMCO, which examines navigation and safety requirements for vessels and makes recommendations on those aspects of shipping.

Canada has a particular interest in shifting the emphasis of the Law of the Sea toward the protection of the interests of coastal states. The Law of the Sea has historically been written to protect the interest of the so-called "flag states" that have very great shipping industries, and has been designed to provide for the greatest possible freedom of movement and action for merchant fleets. Recent maritime disasters, such as the sinking of the *Arrow*, have brought home to us the need to combine maximum freedom of movement for shipping with essential controls to protect the coastal environment.

Canada's position in this general field of international law is well known. We strongly favour international co-operation to preserve the oceans of the world and the ecological balance of especially fragile areas. With the urgency of the problems in mind, the Government passed two important acts last year directed towards protecting the Canadian Arctic and the marine environment and Canadian off-shore fisheries resources. Recent amendments to the Canada Shipping Act will impose stringent anti-pollution measures within Canada's territorial sea and newly-created fishing-zones. It is our hope that these moves on Canada's part will lead to international agreement, developing the new Law of the Sea so as to be acceptable to coastal and flag states alike.

The Preparatory Committee of the 1973 Law of the Sea Conference has just concluded a four-week meeting in Geneva. This has been primarily concerned with organizational preparations for the forthcoming conference, which we hope will further develop this important and dynamic field of law in all its facets. A major objective is to resolve, through multilateral agreement, the outstanding issues relating to the sea and the seabed which have been a source of differences among states and could lead to further differences in the future.

The Canadian delegation in Geneva last week outlined a process which could be implemented without awaiting the results of the 1973 Conference. This would involve the immediate determination, as of a stated date, of the minimum non-contentious area of the seabed beyond the limits of national jurisdiction; the simultaneous establishment of an interim international machinery for that area; and the simultaneous creation of an "international development fund" to be derived from voluntary contributions made by the coastal states, on the basis of a fixed percentage of revenues accruing from off-shore exploitation beyond the outer limits of their internal waters. We are looking forward with interest to the reaction to the Canadian suggestion. It will be discussed at the next Preparatory Committee meeting this summer.

Canada has been actively involved in all these efforts to lay down accepted norms in international legal instruments directed towards preserving and promoting the peaceful uses of our environmental heritage, under the rule of law. We shall continue our support for the development and expansion of the areas subject to such rule. For example, we have been pressing for several years for the conclusion of an effective liability convention in respect of objects launched into outer space. The Canadian position on this question has consistently favoured a victim-oriented treaty that will ensure that just and equitable compensation will be paid to states suffering loss due to injurious space activities.

When examining the creation of new international law, we must certainly take note of the recent efforts of the International Civil Aviation Organization. ICAO, with its headquarters here in Montreal, has recently made important strides in its fight to prevent and deter aircraft hijackings and other forms of unlawful interference with air-transport. The kind of international legal framework being developed, including the 1963 Tokyo Convention on crimes on board aircraft, the 1970 Hague Convention on hijacking, and the draft Unlawful Interference Convention (to be the subject of a diplomatic conference this September) will contribute substantially to maintaining and promoting safety in the air. As a major aviation country and as a member of the ICAO Council, Canada has been especially active in the field of international air law, one in which we did a lot of the pioneering work in the Forties and Fifties and to which we continue to attach a very high degree of importance.

There has recently been significant activity in the development of international humanitarian law, which is generally based on the four Geneva Red Cross Conventions of 1949. Since that immediate postwar era, events have shown that the Conventions should be strengthened and extended, to make them more effective in the kinds of conflict that are all prevalent today. In particular, Canada and a number of other countries would like to see the adoption of more comprehensive, internationally-accepted standards of conduct with respect to civilian populations in non-international conflict situations, such as the recent war in Nigeria. At the 1969 International Red Cross Conference in Istanbul, the Canadian delegation presented a number of proposals on the subject which received widespread support. The International Committee of the Red Cross has now convened a meeting of governmental experts on humanitarian law to take place in Geneva at the end of May. Canada will be taking an active part with a view to securing agreement on provisions which could be incorporated in one or more international accords, supplementing and augmenting the 1949 Conventions. The United Nations has also given this matter serious attention and its Secretariat has been working in close collaboration with the Red Cross and interested governments.

One other field of international endeavour which has become of special interest to Canada concerns international action to prevent and deter the kidnapping of diplomats and other related acts of terrorism. These types of unlawful act place responsible governments in extremely difficult situations. In order to develop an international legal framework to deal with this threat to normal diplomatic activity, the Organization of American States and the Council of Europe have, independently, been examining the possibility of drafting international conventions. We are, of course, following these developments very closely and we have been in contact with the OAS and with other governments so that Canadian views and interests will be taken into account.

All these activities I have been reviewing are directed towards fostering international co-operation and better regulating man's peaceful use of the substance and attributes of the world and universe in which we live. However, dissension, disagreement, and disputes are an inevitable part of international affairs as conducted by sovereign states. The years since the last world conflict have indeed witnessed some progress in providing for their pacific resolution. Nevertheless it is a fact -- and current crises in several regions of the globe bear illuminating testimony to it -- that we have not yet created or established effective machinery for enforcing such international law as already exists. It seems to me that the international community is still bound up with outdated notions that impede the settlement of differences by peaceful means. The 1969 Law of Treaties Convention, to which Canada became a party last December, makes a substantial contribution to the uniformity and applicability of international rules relating to treaties. But we have not yet succeeded in developing a similar codification of a compulsory third-party settlement-of-disputes procedure. While I honestly wish I could say to you that this objective will be realized soon, I am afraid that contemporary international relations do not bode particularly well with respect to banishing strife and conflict in favour of law and diplomacy. Yet responsible persons in government, in international organizations and in private professional and academic institutions and associations must continue to press for an end to the use of force as a means of settling disputes. While the millennium is certainly not at hand, it can perhaps be brought a little less distant.

If progress is to be made, nations must give up narrow and anachronistic ideas of sovereignty. This raises a complex and emotionally-charged subject. I, for one, do not regard acceptance of limitations on sovereignty as unthinkable. We have already accepted such limitations in the economic and communications fields; these should point the way to acceptance of limitations of sovereignty in the interests of peace and security. I hope that Canada will find a way to provide leadership toward such a worthwhile goal.

In my view, it would not be proper to discuss international law without mentioning the International Court of Justice. Canadian views on increasing the effectiveness of the World Court are well known. The Canadian delegation at last year's United Nations General Assembly supported a resolution adopted on "Review of the role of the ICJ". By means of this resolution, member states of the United Nations, and states parties to the Statute of the Court, were invited to submit to the Secretary-General suggestions concerning the role of the Court, on the basis of a questionnaire to be prepared by the Secretariat. In the light of these comments, and those which the ICJ itself may wish to put forward, the Secretary-General is to prepare a comprehensive report to be

available for the twenty-sixth session of the Assembly. The questionnaire has recently been received in Ottawa, and we are at present engaged in formulating the Canadian views to be transmitted to United Nations headquarters. This initiative, which, as the resolution states, "should seek to facilitate the greatest possible contribution by the Court to the advancement of the rule of law and the promotion of justice among nations", is most welcome. Canada has always supported and will continue to support all such efforts to assist the ICJ in continuing to serve, with renewed effectiveness, as the principal judicial organ of the United Nations.

Before concluding, I should like to say a very few words to this distinguished audience about the skilled practitioners of the art of legal diplomacy. Many nations, including Canada, rely to a great extent on these experts to develop, promote and create a body of generally acceptable international law that is materially relevant to the modern age in which we live. This speaks, much more eloquently than any individual foreign minister can, of the reliance and trust that is placed in them. I also believe that their continuing contact with important professional and academic institutions and associations, such as the ILA and CIIA, can help these legal experts to keep fully aware of and take into account informed opinion on these detailed and complex subjects. This is another reason I am pleased to have had the opportunity of addressing you this evening -- to maintain and enhance this relation between the foreign-policy-making branch of the Government, which is directly concerned with international law, and the Canadian professional and academic community, of which your Associations are a significant and influential part.

S/C

STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 71/11

CANADA AND THE COMMONWEALTH

An Address by Mr. A. Ouellet, Parliamentary Secretary to the Secretary of State for External Affairs, at the University of Manitoba, Winnipeg, March 7, 1971.

The Commonwealth is difficult to define; like many political institutions, it evolved over a long period by the historical process of precedent and convention; it has no written constitution or charter, no continuing executive structure. It is not an international organization like the United Nations, or the Organization of American States, with a structured hierarchy of councils and committees reaching decisions on international political and other issues by formal resolution and majority vote. Also, the Commonwealth is not a military alliance; by virtue of membership, Commonwealth countries assume no obligation to come to the assistance of another member who may suffer attack, though naturally they would be concerned about such a development. The Commonwealth is not a grouping that always acts together to achieve certain economic objectives, though from time to time it may pursue certain goals such as the economic and social development of the poorer members. Commonwealth countries do not have a common tariff or carry on free trade between themselves, though since 1932 some members have given others certain tariff preferences arranged bilaterally. With the passage of time, natural processes of economic growth and development and the postwar liberalization of trade on a multilateral basis, the Commonwealth preference system has become relatively less significant for the more-developed Commonwealth members, though still of major importance for many of the developing members.

Defined in positive terms, and drawing on the recent declaration issued at Singapore, the Commonwealth is a voluntary association of 31 sovereign independent nations, each responsible for its own policies, consulting and co-operating in the common interests of their peoples and in the promotion of international understanding and world peace. There are members from each of the six continents and from five oceans; the member countries comprise peoples of widely different races, languages, religions and cultures, embracing between a quarter and a third of the world's population. Members have complete freedom to belong to any other grouping, association or alliance or to be non-aligned. They range from poor developing countries to wealthy industrialized nations like Britain, Canada and Australia. With the exception of Britain, they share a common history as former British colonies, which have now become sovereign,

independent nations. At the government level, they still share a common language -- English, though most of them are multilingual plural societies, embracing more than one cultural group. Their administrative systems are broadly similar, owing much to their having been former British colonies, though generally administrative practices and procedures have been adapted to meet local requirements or the peculiar circumstances of their history and culture. Throughout much of the Commonwealth, legal systems are still extensively based on the British common law, though here again there are variations to meet particular circumstances as, for example, in Quebec, where the Civil Code is derived from the French legal system. Also, in many parts of the Commonwealth, particularly among the newer members in Asia, Africa and the Caribbean, education still owes much to British influence and tradition, though here again the pattern is changing rapidly.

But perhaps even more important than shared colonial experiences, a common language, similar systems of government administration, law, and education is the strong tradition of consultation and co-operation derived from historical experience, which amounts to a sense of neighbourliness. Indeed, one authority has described the Commonwealth as a "unique experiment in international living". Two thousand years ago, one young Jew asked another: "Who is my neighbour?" The response, instead of a definition, was the story of the Good Samaritan, and the reformulation of the questions into: "Who was more neighbourly?" Throughout the ages, this question has transformed and inspired new patterns of behaviour and institutions. While neighbourhood itself is merely a fact governed by physical location, good-neighbourliness is a moral and political achievement of the highest order. In the present age of rapidly-developing technology and increasing interdependence, where one's acts today may affect one's neighbour's welfare tomorrow, good-neighbourliness is becoming more and more essential.

Canada's Contribution to the Development of the Commonwealth

The Commonwealth is not, of course, a static organism; it has developed by a slow evolutionary process, which is still going on. What part has Canada played in the development of this unique association?

In my view, Canada's role in this historical process has been more significant than is generally realized. In the interests of a balanced perspective, I should like to recall for you briefly certain important contributions that Canada has made to this on-going evolutionary process. Because some of these developments occurred more than half-a-century ago, they tend to be overlooked.

Canada's first and major contribution to the evolution of the Commonwealth was achieved over the period 1867-1939 as this country gradually came to assume more and more responsibility for foreign policy and for defence. Out of the pressures, strains, persuasion, and dialogue with Britain up to the Versailles Peace Conference at the end of the First World War, and subsequently in the Twenties and Thirties, Canada succeeded in asserting its independence from the Imperial power by a series of agreements and precedents which in turn became the basis for further political development. This process, worked out over seven decades, had tremendous implications. In a very real sense, it set a pattern for political development between Britain and other

parts of the Empire which produced the modern Commonwealth. What I am saying is that the Commonwealth was largely a British-Canadian invention, though I doubt whether the fathers of Confederation foresaw the full implications of the task to which they set their hands in the 1860s and 1870s. At the end of that period, the relation with Britain was not one of resentment, bitterness and misunderstanding but of friendship, mutual respect, co-operation and mutual assistance. This slow historical process also gave rise to one of the deepest continuing elements in the attitude of Canadians to international affairs: the search for and the cherishing of links with countries and peoples beyond our borders, which makes possible progress towards a civilized world in which governments can co-operate for the benefit of their peoples.

What cause this new relation between Britain and Canada to develop? At bottom was the realization of the Fathers of Confederation that this country was not enough in itself; that there were insufficient people, industries, capital and skills to enable the new nation to make it on its own in economic development or to maintain its independence against an unfriendly neighbour. Particularly was this true in North America, where a far stronger and more numerous nation to the south had just come through the Civil War, and was turning its vigorous attention first to reconstruction and then to westward expansion and to dynamic growth. From the outset, Canadians were conscious of a need to maintain links with Europe and other parts of the world; they began to reach out for contacts and associations beyond their borders, to acquire the money and technology, the skills and the human resources, to enable them to survive and grow. In a very real sense, the Commonwealth was a product of the Canadian desire to have it both ways -- to be independent, and at the same time, for political, economic and defence reasons, prudently to continue links with the motherlands across the Atlantic and with countries in other directions.

To quote from a distinguished Canadian intimately connected with the Commonwealth as Secretary-General, Mr. Arnold Smith: "This deep Canadian instinct to reach out for overseas connections and partnership may have begun as a function of sentimental attachment to parent races and of commercial interest in trading relations with Western Europe, and an instinct for self-protection as a relatively small power sharing a continent with a vastly more populous and powerful neighbour. But it has merged with, and by today, I think, has become indistinguishable from, our sense of realism, our recognition of larger interdependence, and out idealism. It is part of our striving, together with idealists and realists in other parts of the globe, for the establishment of one world, for the development of a community that will be global in scale. One expression of this instinct is the Commonwealth."

There have been other Canadian landmarks in the evolution of the Commonwealth. One was the campaign led by the Winnipeg editor Dafoe during the First World War and after resulting in the decisive rejection of legalistic theories about the unity of the Empire for purposes of foreign policy and defence. This enabled Canada and the other Dominions to assert successfully the claim to independent representation at conferences, beginning with Versailles, and to diplomatic representation in foreign countries.

Another crucial development for the Commonwealth was Mr. Nehru's decision that, having become a republic, India -- a non-white, non-European

nation with little emotional feeling for the British Crown -- wished to remain a Commonwealth member. Canada's contribution was the decision of other prime ministers, in which Mr. St. Laurent and Mr. Pearson played a key part, that an independent Asian republic should be allowed, and indeed encouraged, to remain a member of the Commonwealth when all those involved desired it. Twenty-two years later, a majority of the Commonwealth members are republics (16 out of 31) and at least one other member (Ceylon) has publicly announced its intention to become a republic this year.

Another key stage in Commonwealth evolution was the firm stand taken during the Sixties on the principle of racial equality. First prominent in 1961 at the time of South Africa's withdrawal, the non-racist character of the Commonwealth was explicitly reaffirmed in the communiqué of the 1964 prime ministers' conference and assumes a prominent place in the declaration adopted by the heads of government at the recent meeting in Singapore. Canadian leaders took a leading part on each of these occasions.

Why Commonwealth of Continuing Importance to Canada

In its review of foreign policy, the Government set for itself certain basic national aims. These are described in *Foreign Policy for Canadians* as embracing three essential ideas:

- (1) That Canada will continue secure as an independent political entity;
- (2) that Canada and all Canadians will enjoy enlarging prosperity in the widest possible sense;
- (3) that all Canadians will see in the life they have and the contribution they make to humanity something worth while preserving in identity and purpose.

It seems to me that, in particular, the first and third of these national objectives are directly served through Canada's continued and active participation in the Commonwealth. The movement towards a larger, more cohesive, political-economic community in Western Europe raises the possibility of polarization in other parts of the world, including our own continent. If Canada is to achieve its national objectives, it can best do so in an open world environment. Canada has traditionally looked to links overseas for countervailing forces to offset the attractions of our friendly and powerful southern neighbour. One result, as explained above, was to foster an almost instinctive Canadian tendency to develop and maintain links with friends overseas. Today, ways of thinking developed a century ago still appear relevant to the national goals of maintaining national unity, sovereignty and independence. Friendly contacts and the long tradition of political consultation elaborated within the Commonwealth are still relevant today to the search for peace and security. And through such institutions as the United Nations, la Francophonie and the Commonwealth, Canadians can contribute both at the level of government and individually to the solution of major international issues such as racial discrimination and race conflict, economic disparities, changing patterns of trade, environmental pollution and population. By so doing, they help in a very direct sense to promote social justice, and to enhance the quality of life, not only for themselves but for less-fortunate peoples elsewhere.

Singapore Conference

The meeting of Commonwealth heads of government in Singapore in January illustrated both the strength and the limitations of the Commonwealth relation. From the Canadian viewpoint, the conference was reasonably successful. Fears entertained beforehand that the meeting might witness the disintegration of the association over the emotionally-charged issue of projected British arms sales to South Africa were not realized. Suggestions before the conference that Britain should be expelled from the Commonwealth, or that several members led by the East Africans might walk out, similarly came to nothing. Instead, Commonwealth leaders took full advantage of the unique opportunity afforded them by such meetings, for face-to-face consultation on major issues of common interest to many or all of them -- in this case, a current political issue that for some had assumed crisis proportions. Together with the Secretary-General, the leaders of the 31 delegations met, without advisers, for two full working days. They discussed the arms-sale issue in all its ramifications, probing the divergent positions, attempting to view the problem as a whole and in the broadest perspective.

The issue was not resolved at Singapore. Nor does it now seem likely to be resolved by the device adopted there as a means of pursuing efforts to find a solution -- the establishment of a study group of eight Commonwealth members. This body, including Canada, was to examine all factors affecting the security of trade-routes in the Indian and South Atlantic Oceans, and to report through the Secretary-General to member governments. The group had not held its first meeting when Britain, late in February, announced its intention to proceed with the sale to South Africa of seven *Wasp* helicopters, in fulfilment of what it considered legal obligations under agreements dating from 1955 about the naval base at Simonstown. This British decision, it should be noted, was in conformity with the position maintained by Prime Minister Heath during the Singapore discussions, where he insisted on the British Government's freedom to adopt and implement policies which it judged to be in Britain's best interests. Nevertheless, the British Government's announcement has been followed by the withdrawal of Nigeria, India and Malaysia from the study group; and it now appears that the body will never meet.

Has the Commonwealth then failed a critical test on this issue? To conclude thus would, I believe, reflect a serious misconception of what the organization is about, and a lack of realism about its capacities. It is not, and does not aspire to be, a policy-making assembly for its membership. It does not seek to impose upon them unanimity of approach to international issues. But in an association embracing such diversity, what is achieved should not be underrated.

However much some member governments may have wished to see Britain persuaded at Singapore to abandon its intention to sell arms to South Africa, they were able, without having achieved that keenly-sought objective, to conclude the gathering in amity. Despite the intensity of feeling on the arms-sale issue, it was accepted by all Commonwealth leaders at Singapore that, in the final analysis, the British Government must be the judge of what course Britain might best follow. It is equally true, of course, that other Commonwealth governments are free to determine their own responses.

Those lengthy discussions at Singapore were valuable too, I confidently believe, in other and broader respects, which transcend organizational considerations. The searching examination at Singapore of the arms-sale question led Commonwealth leaders to look at Southern African problems in broader perspective, and in relation to a longer time-span. The debate there also helped to focus world attention on the explosive situation in the region, which could have such serious consequences for race relations everywhere, and for world peace. If the Singapore meeting thus has contributed, in however modest measure, to the forestalling of a violent confrontation in Southern Africa, another Vietnam or Middle East situation, it will, I suggest, have demonstrated once again the value of the Commonwealth as a vehicle for top-level political consultation.

In evaluating the effectiveness of the Commonwealth in coping with potentially divisive political issues, we should not overlook the solid work carried on without comparable fanfare in its councils. A substantive achievement of the Singapore conference was agreement on a Commonwealth declaration -- the Singapore Declaration -- setting out the principles on which the Commonwealth operates, and listing certain goals and objectives held by member governments and the people they represent. The main objectives set out in the Declaration are:

- (a) Support for the UN; enhancing its ability to remove causes of tension and strengthening its influence for peace in the belief that international peace and order are essential to the security and prosperity of mankind;
- (b) individual liberty; equality of rights for all citizens regardless of race, colour, creed or political belief, and their right to participate by means of free and democratic political processes in framing the society in which they live; the promotion of representative institutions and guarantees for personal freedom under law;
- (c) recognition of racial prejudice and racial discrimination as evils which must be combated; opposition to colonial domination and racial oppression; the fostering of human equality and dignity;
- (d) progressive removal of wide disparities of wealth which create world tension; measures to help overcome poverty, ignorance and disease and to create better living standards; the freest possible flow of trade on fair and equitable terms; the provision of adequate resources for developing countries in a spirit of partnership to help establish conditions which are conducive to sustained investment and growth;
- (e) international co-operation to remove causes of war, promote tolerance, combat injustice and foster development among the world's peoples.

The Declaration is not a charter or constitution. It is a statement of principles and objectives and nothing more. It defines Commonwealth aims in the world of today and provides a useful set of guidelines for the Seventies. It was sponsored by President Kaunda of Zambia with strong support from President

Nyerere of Tanzania, their aim being a document which they could use to help persuade their peoples that the Commonwealth was not British colonialism in another form but a voluntary association of sovereign independent nations operating on certain accepted principles and with certain common objectives.

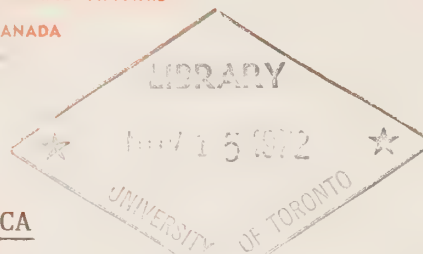
Yet a third accomplishment in further broadening the scope and extent of effective functional co-operation within the Commonwealth was the agreement to establish on a multilateral basis the existing Commonwealth Program for Technical Co-operation. This will be financed by a multilateral fund to be administered by the Secretariat on behalf of Commonwealth members. Canada announced that it would contribute the lesser of 40 per cent of the total or \$350,000 each year for three years to the expanded technical co-operation program. Depending on the program's success and the support given by other members, we should be prepared to contribute additional funds on condition that the Canadian share of the total program did not exceed 40 per cent. Substantial pledges were also announced by Britain and by Singapore and by a number of other members. During the final day, heads of government also agreed to a modest information program, and approved reasonable expansion of the activities of the Commonwealth Foundation established five years ago to promote contacts and exchanges between professional and technical associations of member countries at the non-governmental level. Modest progress was also registered in the area of education and youth exchanges.

The Singapore conference provided clear evidence that members still find it in their mutual interest to continue the Commonwealth association. In his report to Parliament following the 1969 Commonwealth conference, Prime Minister Trudeau pointed out that the greatest strength of the Commonwealth is the opportunity it provides on a regular basis for men of goodwill to sit down together and to discuss with one another the problems which affect them and the 850 million people whom they represent. Both in plenary session and in the many bilateral meetings, Commonwealth leaders can talk about their problems and their hopes for the future and can learn from the wisdom and experience of others. The heads-of-government conference is a forum for men who are as different as God has made them. It is a meeting-place where people are able to demonstrate the advantages of dissimilarity, the richness of diversity, and the excitement of variety. It provides a means for meeting the aspirations of men in the twentieth century to live in societies where tolerance and equality are realities. Human inequality is a political fact of great potency. The most effective means of reducing the explosive potential of discrimination is to meet other persons as political equals, and to assist them toward economic equality.

On his return from the Singapore conference, the Prime Minister stated in Parliament that: "Canada could get along without the Commonwealth, but it could not get along nearly so well.... The Commonwealth benefits all members and harms none. It is my firm expectation that, with the help of the important Commonwealth Declaration, the association will prove a major contributor to the enrichment of human relations."

STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 71/12

VISIT TO AFRICA

A Statement by the Secretary of State
for External Affairs, the Honourable
Mitchell Sharp, in the House of Commons,
March 22, 1971.

I should like to report to the House briefly on my recent African trip, in the course of which I visited Ivory Coast, Nigeria, the Democratic Republic of the Congo, Tanzania, and Zambia.

This was the first series of visits by a Canadian foreign minister to Africa south of the Sahara. It enabled me to learn something, but all too little, of the countries visited. It gave me an opportunity to emphasize to the various governments the depth and continuing quality of the Canadian commitment to Africa, of which I saw convincing evidence through my meetings with more than 1,000 Canadians actively engaged in co-operative development projects -- missionaries, CIDA people, CUSO volunteers, and, of course, the personnel of our diplomatic missions. I also arranged for our ambassadors and high commissioners in the countries I could not visit to join us at various places in Africa in order that I might profit from their advice.

Development assistance is and will remain the largest element in our activities in Africa. This is at once a measure of the need of the developing countries there and of the opportunity Canada has to contribute its resources, human and material, operating equally in English and in French. In certain of the countries visited I was able to give formal effect to aid arrangements worked out over the last year or so, some of which will have an immediate beneficial impact on our domestic economy.

I also visited the headquarters of the East African Community, which is a form of common market composed of Kenya, Tanzania and Uganda.

I learned at first hand of development plans from the African leaders, and saw how Canadian assistance programs fit into these plans and the part they may be expected to play in the future. In all five countries I was assured that Canadian involvement in Black Africa is welcome and expansion in our present efforts is sought. African leaders in the countries I visited told me that the Canadians there were doing an excellent job and that the countries

concerned could not get enough Canadian manpower. In Tanzania, for example, President Nyerere indicated that he would be delighted to receive thousands of Canadians, compared to the few hundreds there now. The Canadians I saw confirmed, for their part, the need for continued Canadian presence in Africa. It became clearer to me from day to day the extent to which Canada is already committed in Africa. It became clearer from day to day that our involvement has raised the expectations of our African friends and that we must continue and strengthen our partnership with them in the development of their countries.

During my two weeks in Africa I found the governments preoccupied with the intractable problems of Southern Africa. These issues have been fully explored in Commonwealth conferences, most recently at Singapore in January. I urged upon the African governments our view that the Commonwealth is an essential forum for discussing the difficult matter of racial discrimination and its repercussions.

In all five countries, Canada's stand on Southern African issues was well understood and accepted. African leaders I met expressed their satisfaction with Canada's position on these problems as expressed by our public statements and our voting record at the United Nations.

In my discussions with African leaders, I emphasized the need for a peaceful solution to the problems of Southern Africa. Large-scale hostilities in Africa could only bring about the ruin of the economy of the black nations and destroy any hope for the betterment of the life of their peoples. Such hostilities would inevitably involve outside powers and threaten a new conflict equal in magnitude to the tragedy of the Middle East or Vietnam.

I think we should realize and accept that our capacity to influence the white racist minorities in Southern Africa is limited and can best be exercised multilaterally through the United Nations and the Commonwealth. What we can do ourselves is to offer economic and political support for the developing countries of Black Africa. In this way, we can make a positive contribution to the solution of the deep-seated problems of Africa, and it is here that our energies should be focused. This is bound to be more rewarding for Africans and Canadians alike than wasting our energies in empty gestures designed to tell the world of our moral rectitude on racial questions.

I discussed the question of La Francophonie with members of the governments in the Congo and Ivory Coast, and explained Canada's position concerning this group of countries, which are united by the French language and culture.

I assured them that Canada was completely committed to co-operation with French-speaking countries in general and particularly to the Agency for Cultural and Technical Co-operation, of which we are full members. I took this occasion to express our hope that the African countries would be participating equally fully in this organization to promote understanding and mutual assistance. In my opinion such full participation will permit more rapid and complete development of all the people concerned.

I also remarked that, although our assistance to French-speaking African countries had begun slowly and modestly, it was our intention, now that it has reached the same level as our assistance to the Commonwealth

African countries, to continue it, not only for the benefit of the receiving countries but also to reaffirm Canada's bicultural character.

My tour of Africa, while all too brief, left me with a number of warm and deep impressions.

First, Canada is highly regarded and its name stands very high in Africa. Africans have given us their confidence, and it is this trust which creates an obligation on our part to share with them some of our resources by participating as partners in their programs for economic and social development. This can be achieved by offering to Africa the best in Canada from those fields where Canadians have achieved excellence and special expertise.

Such a joint venture will benefit not only Africans but Canadians. The Canadians serving in various capacities over the continent, old or young, missionaries or volunteers, CIDA personnel or businessmen, are engaged in useful, constructive and essential projects. On their return to Canada, what they have learned about the common human condition will stand them in good stead and will help us all to a better understanding of the world we live in. If one is seeking economic justification for external aid, as development proceeds, African countries will become markets for Canadian products, particularly capital goods, and mutually beneficial trade should increase. Already, in some of the larger countries like Nigeria and the Congo (Kinshasa), interesting commercial prospects are arising.

Our co-operation with and assistance to Africa can become among the best and most realistic expressions of our national character. Canada and Africa have been enriched by two great European cultures and languages. Both Canada and the African countries I visited are engaged in the strengthening of their national unity and sovereignty. Like the countries of Africa, Canada is still in the course of development, and, along with our African friends, Canadians abhor the immoral and inhuman policies implemented by the white minority regimes of Southern Africa.

I return from my tour with the conviction that we must continue and increase over time our contribution to the economic development programs of our African friends. Our co-operation with *anglophone* and *francophone* countries of Africa reflects our own national personality. Our participation in the harmonious economic development of African countries constitutes, I believe, the best way of promoting peace through social justice and the most effective response to the challenge of racial inequality in Southern Africa.


On my way through London to Africa, I met with the Secretary-General of the Commonwealth, Mr. Arnold Smith, and on my return journey I gave him some of my impressions that I thought might interest him in his official capacity.

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STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 71/13

TOWARD A MIDDLE EAST PEACE SETTLEMENT

A Statement in the House of Commons on April 1, 1971, by the Secretary of State for External Affairs, the Honourable Mitchell Sharp.

...The present stage of efforts to make progress toward a lasting Middle East peace settlement involves both continuing dangers and challenging opportunities. The absence since March 7 of formal and mutual agreements to maintain the cease-fire underlines the persisting risk that hostilities might at some point be renewed unless the momentum of the current peace initiative is maintained and reinforced. But there are encouraging possibilities for such progress toward peace, which I hope will be taken up and exploited by the parties.

The Government of Canada has followed with close interest the latest sequence of exchanges under the aegis of Ambassador Jarring, the United Nations Secretary-General's special representative charged with promoting a peace settlement on the basis of Resolution 242, which...was drafted with the help of Canada, which was then on the Security Council. Although Canada is not directly involved in these efforts and we are, therefore, not informed of all aspects of the exchanges, certain observations can fairly be made on the basis of development known to us.

I should like first to reiterate the Canadian Government's full support of Ambassador Jarring's persistent and untiring efforts to assist the parties toward a settlement based on the Security Council resolution. The House is well aware of the formidable nature of the issues to be resolved. Any expectation of rapid advance toward agreement would be illusory. But some encouragement may be drawn from the Secretary-General's report of March 5 on the course of Ambassador Jarring's mission.

In drawing attention to the intensity of recent efforts to move toward a peaceful solution, the Secretary-General noted that general agreement had been found on some of the problems to be settled. He also cited with satisfaction the positive reply given by the United Arab Republic on specific questions raised by Ambassador Jarring. As the House is aware, the U.A.R. response included an explicit expression of readiness to enter into a peace agreement with Israel, subject, of course, to mutually-acceptable terms of

such agreement being worked out. At the same time, the Secretary-General has appealed to the Government of Israel to respond favourably to Ambassador Jarring's initiative. Ambassador Jarring will doubtless seek now to elaborate progressively the terms of a peace settlement. For this he will be dependent upon goodwill and restraint by the parties in asserting what they see as their respective vital interests.

In the Canadian Government's view, the essential basis for a just and lasting peace remains available to the parties in the full implementation of Security Council Resolution 242. The opportunity is theirs, with Ambassador Jarring's help, to resolve within that framework all their outstanding differences. In this respect, the response of the U.A.R. Government to the questions posed by Ambassador Jarring is encouraging. We earnestly hope that the ultimate effort will be made along these lines, as a matter of urgency, to convert the present absence of hostilities into an enduring peace.

The Canadian Government's concern to see the exchanges under Ambassador Jarring proceed successfully has been emphasized to the parties in these terms in our regular diplomatic contacts.

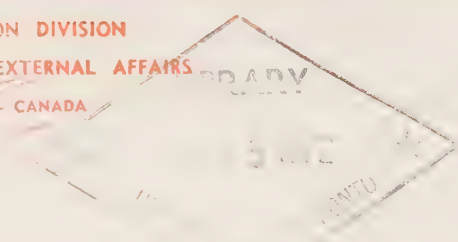
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STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
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No. 71/14

CANADA SEEKS CLOSER LINKS WITH LATIN AMERICA

An Address by Mr. André Ouillet, Parliamentary Secretary to the Secretary of State for External Affairs, to the First Regular Session of the General Assembly of the Organization of American States, San José, April 13, 1971.

...Last year we explained to the General Assembly the philosophy and thinking underlying the new orientation of Canadian foreign policy, referring particularly to my Government's decision to intensify relations with our fellow countries in Latin America. This policy decision was prompted not only by a greater Canadian awareness of the Latin American reality but also by our growing community of interests and the recognition that Canada must play a fuller part in the development of the hemisphere. We should like to translate these desires into practice by associating ourselves now with Latin American efforts in the area of social and economic development.

My intention in these brief remarks is not to set forth the various types of aid or the amounts we allot for development. For the moment I merely wish to assure you that we are directing an increasing proportion of our development-assistance budget to countries in this hemisphere and that we have already visited several countries in order to identify the priorities of the governments concerned.

The goals we have set for intensifying our relations with Latin America are well on the way to realization. For example, we hope that negotiations now in progress will result in Canada's admission this year to several inter-American organizations.

We have discussed with the authorities of the Pan-American Health Organization our role and obligations within the Organization, and we expect that a formal Canadian application for membership will be submitted within a few weeks. We in Canada have a very high regard for the work of this Organization and are looking forward to taking a full part in its activities.

Preparations for Canadian membership in the Inter-American Institute for Agricultural Sciences are also at an advanced stage. We had the honour of welcoming the Institute's Director-General to Canada last year, and I had

the pleasure of visiting him during my stay in San José. Our conversations convinced me that the Institute would be a great help in the work we were trying to do in Latin America, since a large part of the Canadian effort is in the form of technical assistance in agriculture. We should like to contribute as much as possible to the work of the Institute, and the information and services which would be made available through membership would help us to apply our aid program more effectively.

Canada will also submit applications soon for membership in the Inter-American Institute for Social Security and the Inter-American Indian Institute.

Finally, we have studied the best method of co-operating more closely with the Inter-American Export Promotion Centre. During last November's visit to Ottawa by the Centre's Director and in subsequent discussions we have been considering placing Canadian specialists at the Centre's disposal. We recognize the importance of export promotion for the Latin American countries and we hope that Canada can make a useful contribution to the work of the Inter-American Export Promotion Centre.

This brief examination of the increasing institutional links between Canada and the rest of the hemisphere would not be complete without mention of our close co-operation with the Inter-American Development Bank, which for over six years has administered Canadian funds used for economic development in Latin America. We also participate continuously in the work of the Pan-American Institute of Geography and History, the Inter-American Centre for Tax Administrators, the Centre for Latin American Monetary Studies and the Inter-American Statistical Institute. For a long time we have been a member of the Economic Commission for Latin America. We believe that Canada has a place in these specialized organizations and that it can play an even more important role, and we are now in the process of examining ways of attaining this object.

Now I come to the crux of the matter of our co-operation with the other nations in the hemisphere. We believe that it is essential to establish satisfactory institutional links between us. You will therefore understand our hope that you will agree to the creation of a Canadian permanent observer mission to the Organization of American States.

We are looking for concrete ways to co-operate with you in the area of social and economic development. An observer mission would not only be accredited to and co-operate with the Organization of American States but would also be an integral part of the Canadian governmental apparatus, committed to furthering our relations with this most important inter-American institution. It would be a bank of technical knowledge on the mechanisms of co-operation in our hemisphere and an invaluable source of information for our guidance in allocating funds for Latin America. The decisions that Canada must make will be based on a better understanding of Latin American needs if we receive regular and documented information from the Organization of American States.

We believe that a Canadian observer mission would also be beneficial to the Organization and its members. Closer co-operation with the Organization of American States is to us an important aspect of Canadian policy on Latin America.

We know that certain difficulties may stand in the way of this proposal, and we recognize and understand these problems. I therefore request your co-operation in reaching this goal. As the former Prime Minister of Canada, Lester B. Pearson, said in his report *Partners in Development*: "It is our view that a world-wide co-operative campaign to set the developing countries on a path of rapid growth toward economic independence is a task within our range of accomplishment. It is a noble goal, to which mankind is called in the last third of the twentieth century."

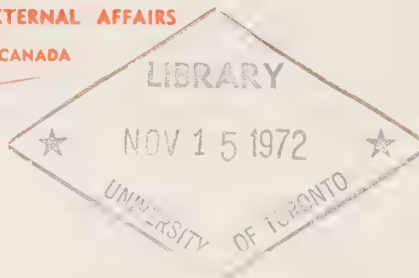
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CANADA

STATEMENTS AND SPEECHES

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No. 71/15

THE EVENTS OF OCTOBER 1970 IN CANADA

An Address by the Parliamentary Secretary to the Secretary of State for External Affairs, Mr. André Ouellet, to the New York State Society of Newspaper Editors, New York, February 15, 1971.

Canada enjoyed a brief spell of unusual publicity in the United States and the world in the last few months of last year. They say in show business that all publicity is good publicity. I am not sure that the same holds true in the life of nations. If it was painful for Canadians to have the tragic events of last October front-page news throughout the world, they did, at the same time, take pride in the steadfastness shown by their Government and in the orderly way the great mass of our citizens carried on their normal lives, even in the city of Montreal, where the events had their focus.

I am grateful for this opportunity to address this influential group and to try to shed some light in what Churchill called "the twilight between the full glare of newspaper publicity and the cold light of history". Above all, I should like to try to put the events of October into their proper perspective, to look at them as dispassionately as I can and to see where Canada is now and how the future appears.

I should like to make clear that FLQ terrorism did not burst upon the scene last October. What happened then was a sudden escalation in terrorist activity that had already a seven-year history. It began with bombs in mail-boxes in 1963, increased through periods of violence, alternating with periods of relative inactivity, to bombing attacks on buildings belonging to the federal and provincial governments and other institutions regarded as symbolic, such as the Montreal Stock Exchange. In the course of these bombings five people were killed, the last less than a year ago, a middle-aged French-Canadian woman communicator at National Defence Headquarters in Ottawa. That so few lives were lost was due to good fortune rather than to any particular care on the part of the terrorists to avoid murder. Prior to the kidnapping of James Cross, the police were able to foil plans to snatch two other diplomats.

It was against this background of escalation of violence that the Government had to evaluate the situation and evaluate the threats of further escalation that accompanied the kidnappings, including the threat of selective assassinations.

Before I discuss with you what the Government did, I have to make clear to you what I mean by my use of the general term "Government". I don't have to tell you that Canada is a federal state with powers shared between the federal and ten provincial governments, and I shall certainly spare you a seminar on Canadian constitutional law. In criminal matters, the law is made by the Federal Government and administered by the provinces. So, in the case of kidnappings, responsibility was shared by the Federal Government and the Government of Quebec. This could have led to added difficulty but did not, since from the beginning the two governments acted in close co-operation. When I use the term "Government" today I mean the Federal and Quebec Governments acting in concert, each within its own sphere of responsibility. Where it is necessary, I shall identify the particular government to which I refer.

The kidnapping of James Cross, compounded by the kidnapping of Pierre Laporte, faced the governments concerned with an agonizing dilemma. Two men, one with the privileged status of an envoy, the other a Minister in the Quebec Government, were in the hands of terrorists known for their lack of regard for human life, who were threatening to murder them if certain demands were not met. The Government was under the greatest possible obligation to secure their safety. But there was an equally grave obligation to secure the safety of other diplomats, individual Canadian citizens, and of the state itself. The Government also realized that to accede to all of the terrorists' demands would be the first step upon a slippery slope upon which it would become increasingly difficult to find a firm footing. The demands were something new in the Canadian experience, the first challenge to the Government to act in contempt of its own principles. There could be no compromise; the only time to stop the rot was when it first appeared.

The fact that Canada had been relatively free from violent civil disturbance was not, as has been said, just a matter of luck. It resulted from 100 years of consistent and even-handed, but democratic and compassionate, enforcement of the country's laws. The terrorists were driven to the dramatic and highly-publicized acts of kidnapping by the failure of their earlier efforts -- efforts frustrated by their total failure to attract any popular support and by the patient and unrelenting work of the police in bringing those responsible for acts of violence to the bar of justice. In their demands, the terrorists called for the freeing of 23 persons they chose to call "political prisoners", persons who, in fact, had been convicted in the normal course of justice of common crimes -- murder, manslaughter, bombings and armed robbery. To meet this demand the Government would have had to turn its back upon a century of experience of how best to protect the freedom and safety of its people. This it was not prepared to do. I won't go over all the demands made by the terrorists. One was met: the reading on television and publication of a manifesto they had prepared. This could be done, since Canada has no fear of opinions, and indeed encourages the freest possible expression of everyone's point of view.

One other thing the Government did was to offer safe-conduct to the abductors to any destination of their choice. This was done to protect the lives of the hostages by removing from the terrorists any temptation to murder them to further their own chances of escape.

The kidnappers' ploy, which made some impression on a small proportion of even relatively moderate people in Canada, was to suggest that the

Government was threatening the lives of the hostages by refusing to meet the terrorists' demands. The lives of James Cross and Pierre Laporte were threatened by the terrorists and no one else. For its part, the Government could only go so far in yielding to terrorist demands. Otherwise, by providing encouragement, manpower and funds to the terrorists, it would have invited new waves of violence which would have put in jeopardy the lives of individuals in all walks of life. In the circumstances, the hazard to the lives of the hostages remained considerable. There also was a time-factor of unknown weight.

It was a time of crisis. Two men's lives hung in the balance. Threats of further kidnappings and violence were multiplying. No one knew whether or not another group was ready to pounce. Thousands of pounds of stolen dynamite were unaccounted for in the Province of Quebec. The atmosphere in Montreal was volatile in the extreme.

The city of Montreal and the Government of the Province of Quebec, so far unsuccessful in getting any real lead on the terrorists, fearing further kinds of violence and aware of the growing anxiety of their citizens, called upon the Federal Government to invoke the War Measures Act. This Act, as its title suggests, contains powers to which no democratic government would have recourse except in situations of the gravest emergency. It was, however, the only statute to which the Government could turn. Given its peaceful past, Canada had no public order act; to have drafted such an act and put it through the legislative process would have taken far too long.

In introducing in Parliament the regulations promulgated under the Act, the Government placed very precise limitations on the powers to be put into effect, and limited the period of effectiveness to six months. The Government also announced its intention to bring a more limited legislative measure before Parliament at the earliest possible date.

The regulations promulgated under the War Measures Act made membership in the FLQ, or any other such organization undertaking specific acts of violence against the state, illegal and gave to the law-enforcement authorities broader powers than those normally at their disposal, in two specific fields:

- (1) to enter upon premises, seize evidence and arrest persons without warrant;
- (2) to hold persons in custody without charge for periods longer than those provided for under the criminal law.

With these two exceptions, the rights of all Canadians, including those arrested and detained under the Act, remained unimpaired. Due process, as you say in this country, was observed. Charges had to be laid in accordance with normal procedures, trial to be by jury in the established criminal courts. The right to representation by counsel in trials under long-established rules of evidence and jurisprudence was unimpaired.

The Public Order (Temporary Measures) Act later adopted by Parliament is limited in application to the FLQ crisis. It reduces the periods during which persons can be detained without charge and expires on April 1, 1971,* unless specifically continued in force by Parliament.

* The Act duly expired on this date.

This, then, is how the Canadian Government met the threat to peace and order in Canada. As you know, the release of James Cross was secured. Pierre Laporte was murdered. Those charged with the crime are now being tried in court. I am satisfied, and every evidence indicates the vast majority of Canadians is satisfied, that the Government acted with courage, determination, skill and humanity.

I should now like to deal very briefly with three common misapprehensions about what happened that have been given wide circulation.

The first of these is that troops of the Canadian Armed Forces were deployed under the War Measures Act and were used to enforce its provisions. Not so -- the troops, most of them French-speaking, were deployed, at the request of the Government of Quebec, as part of their normal function in support of the civil authority before the Act was invoked and under the normal law of the land. Support of the civil authority, when requested, is a recognized duty of the armed forces in every country I know, including your own. Their duties were confined to the protection of prominent individuals, public buildings and essential installations. There was no single incident of a soldier harming a civilian. And, to the best of my knowledge, not even an unpleasant incident between troops and civilians. The fact that our troops have specific instruction, training and experience in peacekeeping operations, which necessarily involve close but non-aggressive contact with civilian populations, is a source of strength and reassurance in circumstances like these. Any notion that Quebec was under military occupation is nonsense.

The second misapprehension is that Canadians, for a time at least, lived under martial law. I think that what I have already said gives the lie to this idea. Martial law involves abrogating the constitution, even if only for a time, putting the whole apparatus of democracy into escrow and ruling by fiat, the use of summary courts-martial and other like measures, none of which Canadians would have stood for.

The third misapprehension, one of special interest to this audience, was that there was some form of press censorship. No one who lived through those days in Canada could support such a proposition. The FLQ themselves were able to use the media for propaganda purposes and did so with a modicum of skill compounded into a great success by the gullibility and predilection for sensationalism of the media themselves. Their every word was amplified on the air and blazoned in the press. Attacks upon the Government and its policy were given the widest publicity and a few leading editorial writers, who disagreed with the Government's policy, wrote their views freely and forcefully. The Government was aware that publicity was one of the FLQ's main objectives and aware that the press, knowingly or not, was giving them the greatest assistance.

The Attorney-General of Quebec publicly called upon the media to exercise more responsibility in their coverage of the crisis. As he might have foreseen, this resulted in loud complaints about censorship and absolutely no increase in responsibility. You will understand that I am referring only to certain elements of the media. In general, the press in Canada acted responsibly. The fact that reporting events in a crisis like this in accordance with normal editorial judgment tends to play into the hands of the terrorists is something that should, I believe, concern us all -- the press, government and citizens alike.

How does the future look for Canada? I don't think anyone is naive enough to imagine that we have heard the last of the FLQ, or that violence, which is a growing threat to society everywhere, will leave Canada unscathed. I think we have given notice to the FLQ, and any other groups of like mind, that the Government of Canada is not an easy mark, and that the governments and people of Canada will act together swiftly and firmly to deal with terror wherever it appears, without at the same time allowing our democratic system to become warped in the process. We have been reminded in a tragic but unforgettable way that freedom is written in the blood of those who down the centuries have resisted terror, that freedom does not issue from the muzzle of an assassin's gun.

Terrorism in society is akin to a virus in the blood-stream. The virus must be identified and neutralized. At the same time, the weakness in the body that permitted the virus to take hold must be diagnosed and the necessary measures taken to increase the body's immunity.

The FLQ terrorists do not represent the people of Quebec or their aspirations. They are not so much Quebec separatists as extremists verging on anarchism. They are sometimes identified as neo-Marxist revolutionaries. I have no idea what that term really means, but I can tell you that what we know about the aims of the FLQ strongly suggests that they are rather short on ideology of any kind. They are determined to destroy the ordered society that is the underpinning of civilization as we know it, but they offer only vague generalities in its place.

I have likened the FLQ to a virus in the system and implied that there are weaknesses in the Canadian body politic that have allowed the virus to take hold. Long before the crisis erupted, the Canadian Government had been dealing with the very real problems in Canadian society. Some of these we share with the rest of the Western world; some are native to Canada. Western society everywhere has to come to grips with the very real threats posed by partly-alienated groups -- ethnic and racial minorities, the poor and underprivileged, the impatient young. Affluence and permissiveness, widespread though they may be, are not universal in our society. Poverty and frustration are still the common lot of millions. Our young people are not prepared to be patient, not prepared to accept that intractable, embedded problems call for long-term, gradual solutions. Here is injustice, they say -- remedy it. Our institutions are not yet sufficiently geared to rapid advance; we lack the answers to many of the problems we face. Even when we do know what to do, the right decisions made today may take months or even years to show results. This is particularly true in the economic field.

In the meantime, alienated groups, particularly among the young, are questioning the adequacy and relevance of our institutions -- the churches, the judicial system, even democracy itself. They are questioning the values our institutions exist to protect. They are questioning the human worth of Western civilization, of the acquisitive, so-called "consumer" society. What worth, they ask, has a system that cannot guarantee to all its people a decent life and reasonable chance of fulfillment?

These are very pertinent questions. They have always been asked; the difference now is that the explosion in communications brings the whole world together. The process of government is no longer arcane, it is patent.

The comfort of the well-to-do is known to the poor; the sufferings of the poor are seen by the rich. I do not raise these matters to offer easy solutions but to remind you of the social background against which urban violence in all our societies should be seen.

In Canada, the problems are compounded by two factors:

- (1) the strain imposed upon national unity by separatist sentiment in Quebec in particular and regional disparity of opportunity in general;
- (2) the current high rate of unemployment, particularly among the urban young.

The Canadian Government is fighting these problems with determination and a sense of very real urgency. Quebec's "quiet revolution", which began in the Sixties, has brought dynamic and far-reaching changes in Quebec society. The French language has gained equal recognition with English. Only last week a federal-provincial constitutional conference of prime ministers and premiers achieved a breakthrough that can lead to a renewal of our constitution to bring it into line with the reality of modern Canada. The Government is determined to achieve a Canada in which every Canadian -- English, French or of other origin -- can feel at home and make a decent life without feeling limited to one geographical area or one ethnic group. Canadian foreign policy is now a true expression of a bilingual and multicultural Canada.

The present high level of unemployment will diminish, but a sustained effort has to be made to ensure that the unemployed young and new arrivals on the labour market see ready opportunities for leading useful and fulfilling lives. None of this is easy, but all of it will have to be done, done quickly and done effectively. One thing we do not have is time.

This is the background against which the cruel and criminal acts took place. But it is not the cause. The FLQ have no cause. Canada is an open society; any individual or group can work openly and freely in pursuit of any political purpose. The FLQ have chosen another route. They walk that route alone, despised equally by all Canadians. They have found that it leads only to darkness and death. For their sake, and for the sake of us all, I hope they have learned their lesson well.

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A CANADIAN LEADER LOOKS AT THE SOVIET UNION

- A Statement by Prime Minister Pierre Elliott Trudeau
in the House of Commons, May 28, 1971.

...The Soviet Union occupies a vast land-mass extending through 11 time-zones, some of which I am still feeling, with climates varying from the desert heat of Central Asia to the frigid temperatures of the Arctic. While in the U.S.S.R., I was taken by the Soviet Government to six cities in addition to Moscow. We travelled some 12,400 kilometres while doing so. Two of those cities, Murmansk and Norilsk, were within the Arctic Circle, the largest communities in the world that far north. They offered evidence of the advantages to be gained by Canada in the development of our North through closer co-operation and exchanges with the Soviet Union.

This visit to the U.S.S.R., which concluded just three hours ago, was the first by a Canadian Prime Minister, while in office, to that country. It was by no means, however, the first occasion on which a Minister of the Canadian Government has travelled in the Soviet Union. Our relations with that country have been developing and increasing in complexity since Canada first opened an embassy in Moscow in the early 1940s.

...Canada has long had treaty arrangements with the Soviet Government. Our first trade agreement was signed in 1956. Since that time, in every year except 1969, we have enjoyed a favourable and often substantial balance of trade in our favour. I might add that while in Moscow our trade in wheat was reviewed, including the Soviet assurance that, when the U.S.S.R. has requirements to import wheat, it will in the first instance apply to Canada as a preferred source of supply. In January of this year, the Minister of Industry, Trade and Commerce concluded an important agreement with the U.S.S.R. on the industrial application of science and technology, an agreement that reflects the recognition in the U.S.S.R., of Canada's increasing stature as the owner of important, advanced technology and of our awareness of the important progress made by the Soviets in a number of fields.

This increasing interest in the Soviet Union has not been confined to the Government. A wide range of contacts has been established in recent years by persons who recognize the Soviet Union as a near neighbour, as a country of great influence, as a market-place and trading partner of immense potential, as the home of wide cultural attainments and as a fascinating land. I believe we have much to gain in this process of increasing awareness....

Canadian businessmen, scholars, artists, athletes and tourists are visiting the Soviet Union in increasing numbers and with considerable success. While my party was in Leningrad yesterday, a ship unloaded a valuable cargo of sophisticated, heavy-tracked vehicles purchased by the Soviets from a Calgary manufacturer.

Earlier in my visit, I was delighted to be told that an Edmonton girl, Miss Elizabeth Carruthers, had placed first in one of the events at a championship diving meet in Rega and that two of her Canadian team-mates came third and fourth.

Against this steady developing background, it was only natural that steps be taken to place Canadian-Soviet relations on a more "structured" and orderly basis, and this was the purpose of the protocol which was signed in Moscow last week and tabled in this House by the Secretary of State for External Affairs on the same day.*

This document, which I believe to be an important one, goes some distance toward placing Canadian-Soviet consultations on the same basis as has existed for a number of years with Britain, the United States and Japan.... A similar arrangement was entered into with Mexico as part of the work of the ministerial committee which travelled to Latin America, and...agreements for regular consultation with both New Zealand and Australia were reached during my visits to those countries last May.

This process of broadening Canadian relations is an ongoing one and was spelled out in the foreign policy review. The principles of that review have been discussed widely in Canada and were studied at length by a Parliamentary committee. The foreign policy of this Government has been to contribute where it can to a peaceful world and to strengthen our relations with a number of countries. In both respects this policy is designed to serve basic Canadian values and interests. The Canadian-Soviet protocol is a natural manifestation of that policy.

As the communiqué tabled this morning reveals, the protocol will ensure continuing consultations at a variety of levels on matters of the kind discussed by me and the Soviet leaders, President Podgorny, Premier Kosygin and Secretary-General Brezhnev. The communiqué refers to the desirability of relaxation of international tensions and of stability and *détente* in Europe; economic, scientific and technological co-operation; Canadian-Soviet trade; Arctic and northern development, including the safety of navigation and the prevention of pollution; the significance of the forthcoming UN Conference on the Human Environment; the conviction that international issues should be resolved in accordance with the principles of the United Nations Charter and that the effectiveness of the UN should be enhanced; satisfaction at the conclusion of the nuclear non-proliferation treaty, and the treaty prohibiting placement of weapons of mass destruction on the ocean floor.

* * * * *

While in no way diluting our friendship or our contacts with those countries, such as the United States, Britain, France and others, with which we have had traditional and friendly relations, we have taken a fresh look at the world and at the Canadian interests in it. Areas of the world which have not in the past figured prominently in Canada have been sought out consciously as friends, as prospective trading partners, as sources of information and advice, as contributors to an independent Canada; a Canada not overwhelmingly dependent upon or dominated by any

* See page 5.



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PRIME MINISTER TRUDEAU TALKS TO SOVIET LEADERS

A Joint Communiqué Tabled in the
House of Commons on May 28, 1971.

At the invitation of the Soviet Government, the Right Honourable Pierre Elliott Trudeau, Prime Minister of Canada, and Mrs. Trudeau paid an official visit to the Soviet Union from May 17 to 28, 1971.

During their stay in the Soviet Union, Mr. Trudeau and his party held official discussions in Moscow and visited Kiev, Tashkent, Samarkand, Norilsk, Murmansk and Leningrad. They were thus able to acquaint themselves with the life and work of the Soviet people and many of the achievements of the U.S.S.R. in the economic, scientific and cultural fields.

The Prime Minister of Canada laid wreaths on the tombs of the Unknown Soldier in Moscow and Kiev and at the Peskaryovskoye Memorial Cemetery in Leningrad.

The distinguished guest from Canada and his party were everywhere accorded a hearty welcome testifying to the friendly feelings of the Soviet people towards the Canadian people.

Prime Minister Trudeau had a talk with the Secretary-General of the Central Committee of the CPSU, L.I. Brezhnev. He also had a talk with the Chairman of the Presidium of the Supreme Soviet of the U.S.S.R., N.V. Podgorny. Conversations were held between Mr. Trudeau and the Chairman of the Council of Ministers of the U.S.S.R., A.N. Kosygin.

Taking part in the discussions were:

On the Canadian side: Ambassador of Canada to the U.S.S.R., R.A.D. Ford; Parliamentary Secretary to the Prime Minister, B.J. Danson; Dr. Stanley Haidasz, M.P.; Walter Deakon, M.P.; Under-Secretary of State for External Affairs, A.E. Ritchie; Principal Secretary to the Prime Minister, Marc Lalonde; Deputy Minister of Industry, Trade and Commerce, J.H. Warren; Deputy Secretary to the Cabinet, M.A. Crowe; Special Assistant to the Prime Minister, Ivan Head; Assistant Under-Secretary of State for External Affairs, J.G.H. Halstead; Press Secretary to the Prime Minister, P.M. Roberts, and other officials.

On the Soviet side: Deputy Chairmen of the Council of Ministers of the U.S.S.R., N.K. Baibakov, V.A. Kirillin, V.N. Novikov; U.S.S.R. Minister of Foreign Affairs, A.A. Gromyko; U.S.S.R. Minister of Foreign Trade, N.S. Patolichev; Deputy Minister of Foreign Affairs of the U.S.S.R., S.P. Kosyrev; U.S.S.R. Ambassador to Canada, B.P. Miroshnichenko; and also Heads of Departments of the U.S.S.R. Ministry of Foreign Affairs, E.N. Makeev, O.N. Khlestov, Y.N. Cherniakov, and other officials.

The discussions were held in an atmosphere of frankness and cordiality and provided the opportunity for a useful exchange of views on the present state and future prospects of Canadian-Soviet relations, as well as on major international problems of common interest. The Canadian side outlined the basic aims of Canadian foreign policy, while the Soviet side outlined the decisions of the twenty-fourth Congress of the CPSU on questions of foreign policy. They agreed that all countries, regardless of their social systems, should seek to develop relations based on reciprocity and mutual confidence and should resolve any problems by negotiations.

The two sides expressed satisfaction with the general trend towards improvement of Canadian-Soviet relations. They are convinced that the further development of good-neighbourly relations corresponds to the national interests of the peoples of Canada and the Soviet Union and promotes the relaxation of international tension and the safeguarding of universal peace. With this in mind the Prime Minister of Canada and the Chairman of the U.S.S.R. Council of Ministers signed a protocol designed to enlarge and deepen consultations on important international problems of mutual interest and on questions of bilateral relations by means of periodic meetings.

The two sides emphasized the importance of contacts at all levels and expressed their mutual desire to develop exchanges of visits of government and political leaders, representatives of commerce, science and technology, culture, non-governmental organizations and tourists.

The two sides reviewed the present state and future prospects of economic, scientific and technological co-operation between the two countries. The two governments agreed that there are favourable opportunities for increasing and diversifying trade in both directions to mutual advantage. They noted that Canadian-Soviet trade over the years has been fruitful and that the deliveries of Canadian wheat play an important part in this trade. They instructed the appropriate agencies to work out proposals on ways of further developing trade relations between the two countries. It was agreed that negotiations for the renewal of the current trade agreement should begin in November or December this year in Moscow.

They also agreed to instruct the appropriate agencies to study the possibilities of further expanding co-operation in the field of air transport.

It was noted that the expansion of mutually advantageous economic, scientific and technological relations has been promoted by the Agreement between the Governments of Canada and the U.S.S.R. on Co-operation in the

Industrial Application of Science and Technology, signed on January 27, 1971. The two sides agreed to render all possible assistance in the active implementation of the programs undertaken within the framework of the Mixed Canadian-Soviet Commission on Co-operation set up pursuant to that Agreement.

The Soviet side proposed that consideration should be given to the conclusion of a treaty covering economic development, technological and industrial co-operation. The Canadian side agreed to study the proposal.

Taking into account the fact that the Arctic regions, distinguished by their particularly severe climatic and ice conditions, are of great importance to both Canada and the Soviet Union, the two sides discussed the possibilities of promoting co-operation in developing the northern territories and agreed to expand the exchange of experience in this field between Canada and the U.S.S.R. Both sides shared the view that they have special responsibilities and corresponding rights with respect to ensuring the safety of navigation and preserving the natural balance in the Arctic regions.

The Governments of Canada and the Soviet Union noted the importance of developing as far as possible international co-operation for the solution of the problem of the human environment. The United Nations Conference on Human Environment Problems planned for 1972 should be a significant step in this direction.

The Governments of Canada and the Soviet Union expressed their desire to expand exchanges between the two countries in as many areas as possible, on the basis of reciprocity and mutual advantage. For this purpose they confirmed their intention to negotiate a general agreement on exchanges to develop further contacts in the fields of culture, education, and science.

During the exchange of views on major international problems, the Governments of Canada and the Soviet Union confirmed their desire to continue efforts to strengthen universal peace and reduce international tension. They expressed their firm conviction that all questions at issue between states should be solved by peaceful means in accordance with the purposes and principles of the United Nations Charter. The discussions revealed that Canada and the U.S.S.R. hold similar views on a number of international problems.

The two governments attach great importance to strengthening security and promoting multilateral co-operation in Europe. They emphasized the need for effective measures to further reduce tension, and for the normalization and improvement of relations among all European states on the basis of the principles of independence and sovereignty, territorial integrity and inviolability of frontiers, renunciation of the use of force or the threat of force, non-interference in internal affairs and the settlement of disputes by peaceful means.

Canada and the U.S.S.R. believe that *détente* and stability in Europe would be promoted by the convening of a properly prepared conference on European security and co-operation with the participation of all European states,

Canada and the United States. They consider it useful to continue consultations with each other on this question.

The two sides expressed their conviction that the strengthening of international security and the safeguarding of universal peace are important objectives to be pursued, in particular through appropriate measures of disarmament.

Both sides support the reduction of armed forces and armaments in areas where the military confrontation is particularly dangerous, and especially in Central Europe. They discussed the recent proposals made by the Secretary-General of the Central Committee of the CPSU, L.I. Brezhnev, before the twenty-fourth CPSU Congress and in Tbilisi (Tiflis) for various measures of disarmament, as well as the Canadian suggestion placed before the Conference of the Committee on Disarmament regarding underground nuclear testing. The Prime Minister of Canada outlined also the considerations in favour of a mutual and balanced reduction of forces. He welcomed the recent initiative of the U.S.S.R. and other socialist countries for a convention prohibiting biological weapons, and both parties expressed the hope that a convention could be concluded this year. The two sides expressed their satisfaction at the conclusion of the Treaty on the Non-Proliferation of Nuclear Weapons and the Treaty on the Prohibition of the Emplacement of Nuclear Weapons and Other Weapons of Mass Destruction on the Sea-Bed and the Ocean-Floor and in the Subsoil Thereof.

The two sides expressed serious concern over the tense situation in the Middle East. They emphasized the need for efforts by all the states concerned with a view to achieving a just and lasting peace settlement in the area on the basis of the full implementation of the Security Council Resolution 242 of November 22, 1967. For this purpose the Governments of Canada and the Soviet Union expressed themselves in favour of the continuation of the mission of Ambassador Jarring, the special representative of the United Nations Secretary-General in the Middle East.

Views were exchanged on developments in Indochina which are causing anxiety. Hopes were expressed on both sides that a viable peace would be re-established in Indochina.

Canada and the Soviet Union attach great importance to the United Nations. The two sides confirmed their determination to seek to strengthen the organization and to enhance its effectiveness in maintaining universal peace and security in accordance with the United Nations Charter.

Both sides expressed their satisfaction with the exchange of views that took place and emphasized the usefulness of maintaining regular personal contacts between the leading statesmen of the two countries.

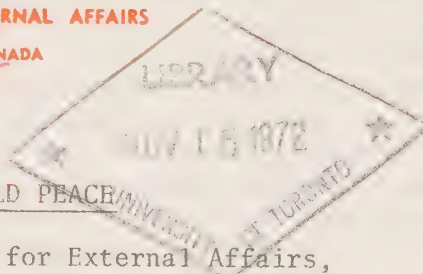
Prime Minister Trudeau expressed gratitude and satisfaction for the warm hospitality he enjoyed in the U.S.S.R. and extended an invitation to Chairman Kosygin to visit Canada at a mutually convenient time. The invitation was gratefully accepted.



CANADA

STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 71/18

NUCLEAR ENERGY AND WORLD PEACE

An Address by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Fourth International Conference on the Peaceful Uses of Atomic Energy, Geneva, September 6, 1971.

It is an honour for me and for my country that I should be the first foreign minister to address one of these important conferences. Canada has a long experience in the development of the peaceful uses of nuclear energy, going back to the late 1940s. The decision to concentrate our resources on this aspect of nuclear science is one we have never regretted and that through the years has enjoyed the support of an overwhelming majority of the Canadian people.

Sixteen years have passed since the first of these conferences opened in this hall. That first conference in 1955 caught the attention of the world and gave rise to great expectations. Until then the words "atomic energy" brought to mind only the mushroom cloud, the firestorm and the helplessness of man in face of this new catastrophic weapon. Until 1955 only a few scientists knew of the technical accomplishments and positive possibilities that had been shrouded in secrecy. It was here, in this Palais des Nations, that the veils were torn away and the world saw that man could use his new knowledge and this new power source as well for his betterment as for his destruction.

The new expectations of 1955 were balanced -- perhaps overbalanced -- by man's continuing fear of the nuclear-weapons race. The public heard about the more fascinating uses of isotopes and about the prospects for megawatts of electrical power, generated by atomic energy. But for most of the next decade much more was heard about "megatons" and "megadeaths" than about megawatts. "Fall-out" was the new plague to be feared and ICBMs were targeted on many of the world's great cities and still are. To the age-old fears of war and oppression was added a new fear, of instant widespread destruction brought about by the pressure of a finger on a button, bringing into doubt the capacity of statesmanship and diplomacy to keep the peace.

In more recent years our fears seem to have diminished. This is the normal human reaction to an ever-present threat; the farmer who tills the slopes of a volcano year after year learns to stop worrying about an eruption that may never come. Our fears have been lulled by our recognition that the two great military powers of the world are for the time being in a state of equilibrium, an equilibrium that neither can disrupt without risking its own, and possibly mankind's, destruction.

Canada welcomes the initiatives taken by the United States and the Soviet Union towards strategic-arms limitation, the SALT talks. The two nuclear powers have begun to carry out their obligations under Article VI of the Non-Proliferation Treaty. The task they have undertaken is both complex and difficult. The joint announcement by the United States and the Soviet Union on May 20 last that they had reached an understanding in principle to concentrate this year on working out an agreement for the limitation of the deployment of anti-ballistic missile systems and that, together with this ABM-systems agreement, they would agree on certain measures with respect to the limitation of offensive strategic weapons is heartening evidence of progress. We shall all watch with eager anticipation their efforts to translate this understanding into concrete agreements in the coming months. It is to be hoped that the SALT agreements will include measures to curtail the nuclear-arms race in its qualitative as well as its quantitative aspects.

The Non-Proliferation Treaty, which came into force on March 5, 1970, and the safeguarding procedures that have been recently worked out by the International Atomic Energy Agency's Safeguards Committee offer some hope that the further spread of nuclear weapons will be limited. The solemn declarations of states party to the treaty to renounce this kind of military force and their agreement to allow international personnel to inspect their nuclear installations justify a cautious optimism. There are, however, states that have not signed the treaty, and its effectiveness will be diminished if some important nuclear and so-called "near-nuclear" nations continue to stand aside. I am pleased to announce today that our negotiations are proceeding favourably and that Canada expects to conclude the safeguards agreement with the Agency before the end of the year.

The measure of confidence arising out of the Non-Proliferation Treaty will be strengthened if it is brought into smooth and effective operation. The states that have renounced nuclear weapons have done so in the belief that their own interests are best served by this renunciation; they recognize that they have less to fear from others when they show that others have nothing to fear from them. The mutual trust and confidence born of this renunciation will endure only to the extent that these same states now co-operate with the International Atomic Energy Agency and its inspectors in the operation of safeguards.

All of us must keep carefully-audited records of our production, movement and consumption of fissionable materials if we are to feel confident that we have good internal control. The records that we need for good housekeeping at home fulfil most, if not all, of the requirements for international inspection. For this reason, I do not believe that safeguards impose a great new burden. I know that some organizations fear that in submitting to detailed inspections their commercial secrets might be compromised, but the real commercial secrets lie in unaffected areas, such as the design and manufacture of components, and these fears are exaggerated. It is now in the interests of each state to be generous in its co-operation with the Agency's inspectorate and to demonstrate to the rest of the world community that its intentions are wholly peaceful.

The peace of the world may not be quite as precarious as it was a few years ago, but the dangers are still real. The Moscow Partial Test-Ban Treaty of 1963 has stopped many -- but by no means all -- of the nuclear explosions that contaminate our atmosphere. To some extent this treaty can be looked upon as a major public-health measure rather than as arms control. Our newspapers no longer give us those daily fallout readings to remind us that nations are developing nuclear weapons to even higher levels of effectiveness. But the testing goes on underground -- this kind of activity has accelerated since the signing of the partial test ban -- and the development of ever more sophisticated nuclear weapons continues.

With these realities in mind, many states of the world, including Canada, have concluded that the time is ripe for a renewed and determined effort to achieve a ban on underground nuclear tests as an extension of the partial test ban of 1963. Seismological investigation, investment in improved facilities, and the possibility of international co-operation in seismic-data exchange have all begun to give grounds for believing that adequate seismological methods of discriminating between underground nuclear explosions and natural seismic events can be found. Problems and ambiguities remain -- particularly with explosions of extremely low yield, where verification trails off into the realm of the improbable. But the potential for seismological identification has sharply narrowed and made more manageable the issue of on-site inspections that has for too long bedevilled efforts to achieve an underground test ban.

The verification problem is in the last analysis a political rather than a technical question and, in our view, as well as that of a very large number of non-nuclear nations, the time has come for the two major nuclear powers to take up their efforts to resolve this problem where they left off eight years ago. At the same time, we should not ignore the desirability of all nuclear powers adhering to the Moscow Treaty and joining with others in an effort that would lead to a complete ban on all nuclear tests. Until such a ban can be reached, I urge the two major nuclear powers to scale down their underground tests, starting with the biggest.

As I address you today, I am aware -- uneasily aware -- of the fact that a quarter of mankind, the people of China, is unrepresented amongst us. I accept the assurance of Mr. Chou En-lai that Chinese intentions are peaceful, but I am sure we shall all be happier when the representatives of that ancient civilization and powerful modern state are taking part in our deliberations rather than observing them in silence. Canada will do all it can to ensure that this is the last conference on nuclear energy in which a quarter of mankind -- and a nuclear power -- goes unrepresented.

In the 16 years since our first conference in 1955, nuclear scientists and engineers have forged ahead. In most situations, large quantities of electricity can now be produced by the fission of uranium as cheaply as by burning coal or oil. Fears of a world energy crisis have been postponed, perhaps for centuries. It is now our task to apply the technology that has been developed to bring to all men a supply of energy sufficient to meet their needs. The technology is ready, the world needs electricity, and we can expect to see a continuing shift away from new fossil-fuel stations toward new nuclear stations.

A great and exhausting debate has been raging between those who question the safety of nuclear-power plants and those who defend them. The emotion generated by this discussion must not be allowed to conceal the essential facts of the situation. The nuclear industry has an outstanding record of safe operation. No other industry -- and this for obvious reasons -- has been as conscious of its obligations to protect its workers, the public and the environment itself. In a world in which everyone, every day, is exposed to innumerable hazards, we must keep a sense of proportion. Man would be foolish indeed to deny himself a source of energy that he sorely needs. This planet has yielded up the fossil fuels that permitted us to launch our industries. But fossil fuels cannot sustain us through the centuries, and I say this in the full realization that mankind may have to learn to limit its energy consumption. When we consider the risks of nuclear power, we must also weigh against them the risks that will arise if we turn away from nuclear power. Not only the risks that arise from the alternatives that we can temporarily employ -- coal, oil and gas -- but also the risks that would arise were the nations, facing a global shortage of energy, to come into conflict over the sharing of what was left.

I do not wish to be misunderstood on this question. I do not suggest that problems do not exist or that they are capable of simple solutions -- rather that they are capable of management at an acceptable cost if adequate resources are brought to bear.

Peace is more than the absence of war. To have peace we must build a world society in which man can express his personality and develop his potential without attacking his neighbour or coveting his goods. That is why nuclear fission has such a great contribution to make to the building of a peaceful world, and to the eradication of poverty. Substantial efforts have been made by the United Nations, by the International Atomic Energy Agency, and by individual countries in this great endeavour. My own country has played an important part by co-operating with developing countries in their own nuclear-power programs.

Perhaps it is well, however, to add a word of caution based upon our own experience. Nuclear energy is only a tool for economic development. It has its limitations. It is massively expensive. Only the richest and most highly-industrialized countries can afford the experimentation that is essential to the development of the technology.

For example, the production of electricity from nuclear reactors has now reached the state where it is possible to contemplate the building of large generating-stations wherever there is a demonstrable need for large amounts of electrical power, and where the power generated can be brought to bear effectively on the solution of existing problems. The question is: how many developing countries can meet these criteria?

We have all heard of the "agro-industrial complex", and particularly the project that is under study in India. This would involve the use of nuclear power to pump deep-underground water to the surface for irrigation. As I understand it, nuclear power would also be used for the local production of

fertilizer. If successful, such a complex would offer the potential for a major new step in the "green revolution" that has already had such beneficial effects in the Indian subcontinent. Its success could open an important new chapter in the story of man's fight against hunger and malnutrition.

The application of nuclear energy to the large-scale de-salting of sea-water is another, and a more difficult, question. The need undoubtedly exists, and this could be the idea that will start new "green revolutions" in the deserts of the world. But just as nuclear energy is not always the most economical means of generating electricity, so we must be careful not to mislead peoples and governments into believing that the dream of de-salting sea-water is just about to become a reality.

In the course of the next few days, you will devote much of your time to the large-scale use of atomic energy for the production of electricity and for the de-salting of sea-water. You will also consider the numerous applications of isotopes and radiation -- in research, in industry, in agriculture and in medicine. There have been remarkable achievements, particularly with the new nuclear techniques for the diagnosis and treatment of cancer and of some of the other diseases that afflict mankind. You will seek to evaluate what contributions these can make to the improvement of life in the developing countries.

Isotopes and radiation are tools -- their use is not an end in itself. We must, as I have said, identify what our aims are and then see whether atomic energy provides the best tool for achieving them. For example, the developing countries have a great need to find better ways of preventing the wastage of food in storage. Pests and various forms of decay destroy a large fraction of what is produced. Irradiation may help to conserve this food, but until this has been demonstrated and its economic feasibility established, better-known techniques -- dehydration, canning or refrigeration -- are still probably more appropriate in most situations.

Another problem is the provision of sterile medical supplies, often under adverse conditions remote from the facilities of modern hospitals. One technique is now well established: it involves first sealing medical supplies in hermetic packages and then irradiating them to ensure complete sterility. The supplies are safe from any infection until the moment when the packages are opened -- and, of course, this can be at the moment they are needed for use. I believe this technique is ready for immediate adoption in developing countries. It is best if the choices can be made in the developing countries themselves -- by their own scientists and economists, their own *entrepreneurs*. To do this, they must have their own centres of excellence, where innovators are encouraged and where proper evaluations can be made in relation to local needs and local priorities.

We have come to Geneva to discuss the silver lining of the nuclear cloud -- a happy circumstance that does not permit us to disregard the cloud itself. The achievements and possibilities of the peaceful uses of atomic energy on which I have touched this afternoon justify a sense of pride and hope. Nevertheless, we are discussing a force that, if misused, has a destructive capacity difficult for any of us, scientist or layman, to comprehend fully.

Meeting here in this ancient and free city where so many of mankind's hopes for peace have centred, you constitute a body of expertise on nuclear questions that is unique. As I wish you well in your discussions of peaceful nuclear technology, I urge you to keep in mind your special responsibility to all mankind, and above all to the rising generations born into a nuclear world they did not make.

Today there is an equilibrium between the great nuclear powers, the United States and the Soviet Union. These powers are now seeking ways to limit the nuclear-arms race; I hope to find an equilibrium at a lower and less menacing level. I have suggested to you that China may soon be a nuclear power to be reckoned with. This will call for a new equilibrium, and the sooner China comes fully into the councils of the world, the better for us all.

So I leave with you this thought. The peoples of the world need the energy and other benefits that nuclear science has to offer. They accept reluctantly the mutual balance of nuclear deterrence that offers them a measure of security. But many of those without the special knowledge and expertise you enjoy look upon nuclear energy as inherently dangerous and threatening, like a half-domesticated beast. You, ladies and gentlemen, as the managers of nuclear knowledge and technology, are uniquely equipped to bring home to your governments, directly and by moulding world public opinion, their responsibility to see to it that the beast is fully domesticated and kept at useful work for the benefit of all.

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STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 71/19

AN OECD IMPERATIVE: CONSULTATION AND CO-OPERATION

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, on June 8, 1971, to the OECD Ministerial Meeting in Paris.

We meet at a time of considerable economic difficulty for many, if not most, of the members of our Organization. Problems of unemployment and inflation continue to plague us. The recent crisis in the international monetary system and its longer-term implications call for study and action by member governments if we are to bring about greater stability in the financial environment. Seeking solutions for continuing difficulties and new problems is the first responsibility of the OECD (Organization for Economic Co-operation and Development), and it has shown itself capable of doing so. Canada gives its full support to the aims and activities of the Organization and will continue to contribute to the efforts of the various committees and working parties active within the broad context of economic policies and prospects. I am very interested in the report the Secretary-General circulated to us on environment policies. Nowhere are the complexities of modern industrial societies more apparent, and more fundamentally important, than in this general context of "quality of life". We fully support the work of the OECD on environmental problems. In particular, we believe that continuing investigations on the basis of sectors such as air and water management, urban management and unintended occurrence of chemicals in the environment are essential underpinnings to the wider task of apprehending environmental problems in an economic and trade context. Some of the work being undertaken on an ad hoc basis, such as that on pollution by the pulp-and-paper industry, is, I need hardly remind you, of particular interest to Canada. The rectoral groups are in themselves "early warning systems", which can identify the problem areas that need urgent and concerted attention.

The same can be said of the procedure for notification and consultation on measures for control of substances affecting man and his environment, which can perhaps be expanded and broadened in the future as the Organization develops further experience in such matters.

We find in the documents before us that the rate of growth in the OECD areas as a whole in 1970, at 2.5 per cent, was only one-half of the 1969 rate and of the average in the Sixties. The 4 percent forecast for the current year is a more acceptable rate of growth, and will bring our collective output closer to the objectives of this Organization and its members. While the revival of the

U.S. economy, stimulated by its expansionary policies, is the greatest factor in this collective growth, the Canadian economy was already responding in the final quarter of 1970 to new programs introduced in June. In December, further measures were put into effect to step up manpower programs and encourage regional growth. These measures include spending, and inevitably give rise to significant fiscal deficits.

Canadian monetary policy has also been expansionary. The bank-rate has been reduced in a series of steps from 8 per cent last July to the present rate of 5.25 per cent, accompanied by a faster rate of increase in the money supply and an overall decline in interest rates. These measures, together with the recovery in the U.S.A., are having a significant impact on the rate of growth in Canada. We expect that this year the increase in our gross national product (GNP) will be more than 5 per cent, as against 3.3 per cent in 1970.

Difficult problems of unemployment facing a number of member countries are compounded in Canada by the very high rate of growth of our labour force. Regional differentials in unemployment and the high cost of mobility of the labour force in our vast country add to the problems. This means that our internal policies must be designed to meet the special needs of relatively disadvantaged areas and the same time provide adequate job opportunities for the country as a whole. Better mobility in the labour force can help but cannot in itself provide a total or lasting solution to the basic problem.

The expansionary measures I outlined are bringing about a general improvement in the employment situation. The seasonally-adjusted unemployment rate decreased from 6.6 per cent at the end of 1970 to 6.0 per cent at the end of the first quarter of this year, despite one of those unusually severe winters that can have a major impact on employment in Canada. We are confident that this trend will continue throughout 1971 as our programs become fully effective, although we did encounter an apparent set-back in the unemployment figures for April.

Inflation continues to be a very serious problem in most industrial countries, not only because of its essential unfairness but because it constitutes a threat to continued economic growth and employment. I note from the documents that the average GNP deflator for the OECD as a whole was 5.7 per cent in 1970 compared to 4.6 per cent in 1969. Some deceleration in consumer prices occurred in Canada, the U.S.A., France, Austria and Denmark. This was offset by more rapid increases in other countries, and I note that we can expect only a minor improvement in price performance in 1971.

Canada had considerable success in 1970 in meeting the problem of inflation. In the calendar year our consumer-price index rose by 3.3 per cent, and during the most recent 12-month period for which statistics are available by only 1.8 per cent. Among the contributing factors were an unusual decline in food prices and the impact of currency appreciation in our domestic price level. The rate of increase in prices was slightly higher in the first quarter of 1971 than 1970, primarily as a result of an expected rebound in food prices, which were unusually low in the latter part of 1970 due to a price war between major Canadian supermarkets. Increases in labour costs tend to be a bit below last year's average. Nonetheless, we agree with the Secretary-General that it is essential to remain alert to a possible resurgence of inflationary pressures.

We strongly support the work that the OECD is doing in this field and endorse the proposals of Working Party 4 calling for a multi-policy attack upon the problem of inflation, for special care in demand-management policies to prevent demand from becoming excessive and, to the greatest possible extent, for selective measures directed to bringing about improvement in areas of high unemployment rather than more general fiscal policies. The multi-policy approach, which Canada has been trying to follow, calls for a careful meshing of monetary and fiscal measures with other economic and social policies. Followed with firmness, it can do a great deal to cope with the problem of inflation, although each country must decide the appropriate weight to be given to each of the various factors in the light of its particular circumstances.

There are two specific areas in the multi-policy approach to which I should like to refer briefly. The first concerns restrictive business practices and the need for co-operative international control arrangements to deal effectively with the increasing internationalization of business. An increased exchange of information respecting the operations of international enterprises would be specially valuable. Minimum standards of international competitive behaviour should be developed and their observance promoted. The second concerns prices and incomes policies. Many countries seem to accept the need for some such measures to influence prices and incomes. There are differences of view as to the necessity and feasibility of statutory controls of a more or less permanent nature. In 1970, the Canadian Prices and Incomes Commission called for voluntary restraint and, while it did have an impact, its influence on wages was slight. This year the Commission is continuing its price surveillance and price reviews, although business is no longer subject to the voluntary commitment it accepted in 1970. The question of statutory controls in this field must be considered by countries individually. In Canada the adoption of such controls in peacetime would be unprecedented and would be regarded as a major step indeed.

This meeting is taking place against the background of a major crisis in the international payments system. As a major trading nation, Canada attaches the highest importance to an orderly international system of trade and payments. While the current-account balances of some major countries moved some distance toward a better equilibrium in the light of stated objectives in 1970, I note the Secretariat forecast that there will be little progress in 1971 toward a pattern of current-account balances that would support appropriate capital flows. The fact is, though, that the recent disturbances have come about primarily as a result of capital movements rather than current-account imbalances. The speculative flows early last month, which resulted in changes in a number of European exchange rates, emphasized the need for improvement in the present system. This will not be a simple task.

Let me recall the circumstances that led to the freeing of Canada's exchange-rate just over a year ago. In 1969, Canada had a sizable deficit on current account and there was a large outflow of short-term capital in response to a rise in interest-rates abroad. These out-payments were offset by the traditional inflows of long-term capital and only minor changes occurred in our official reserves during the year. Substantial shifts, however, occurred in our balance of payments during the first five months of 1970 and, as a result, our overall reserves rose at an accelerated rate and increased by \$1,200 million (U.S.) during that period. Our exports increased to a much greater extent than could be accounted for by the rebound from the effects of strikes late in 1969. In addition, short-term capital outflows declined in response to lower interest-rates abroad and this combination left Canada exposed as a target for speculative

inflows. We decided to act promptly before speculation became too heavy - thereby, we believe, making a contribution to the stability of the international monetary system.

Our situation in May 1970 was not quite comparable to that faced by others last month. In the first place, we had moved comparatively quickly from a deficit to an unexpectedly large surplus on current account. Secondly, our trading and financial relations with the U.S.A. are very close. Finally, the extreme openness of our economy to the movements of goods and capital causes us to experience unusual difficulty in maintaining a fixed exchange-rate within the margins prescribed by the IMF (International Monetary Fund).

The classic prescription would have been to seek the concurrence of the Fund to a new and higher par value. Our problem was to determine a rate that would be sustainable for a reasonable period.

In taking the decision to move to a floating exchange-rate, we made clear our intention to resume our obligations under the par-value system as soon as circumstances permit. This remains our firm determination and, while we have reviewed the situation from time to time during the past year, the underlying situation, both internal and external, has not seemed to us sufficiently settled to re-establish a par value that could be defended over the foreseeable future. In terms of payments, we have been confronted by a need to bring about an adjustment in our capital account in line with changes that have occurred in our current account. Expansionary financial policies, which our domestic economic situation required, have been helpful, but we have had to reinforce the effect of these policies by appeals to Canadian borrowers to seek the funds they required in the Canadian market to the maximum possible extent. At the same time, we felt a sense of uncertainty about the impact of international developments - a sense that would appear to have been justified by recent events.

The extent of departures from the fixed-rate regime that have taken place raises very large issues. Our experience and that of others has underlined the inherent difficulties involved in combining a system of fixed exchange-rates and free capital flows internationally with the imperative demands placed upon our control instruments by the objectives of high employment and price stability domestically. There are a number of different ways of escaping from the dilemma -- greater exchange-rate flexibility, greater control over the international flows of capital, greater international harmonization of monetary policies - but all these alternatives raise difficulties of a practical and policy nature.

One thing is clear - namely, that international consultation and co-operation are becoming more and more essential in order to attain our individual and collective goals. In this task, the OECD has a major role to play. Canada is ready to join with others in the search for further improvements in the international system, which, though not perfect, has within itself the capacity to move with the times, coping equally with continuing difficulties and new problems. Canada supports the principle of strengthening co-operation on economic policies within the OECD.



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INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
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No. 71/20

PERSPECTIVES FOR INTERNATIONAL TRADE

A Statement by the Secretary of State
for External Affairs, the Honourable
Mitchell Sharp, on June 8, 1971, to
the OECD Ministerial Meeting in Paris

Through multilateral co-operation, the nations of the world have been able to develop a high degree of co-operation in the trade field. Appropriately, GATT (the General Agreement on Tariffs and Trade) has been in the forefront of this process, but the Secretary-General's document rightly reminds us that the OECD (Organization for Economic Co-operation and Development) has made a special and valuable contribution on such questions as export credits and in working out the generalized preference system. We hope that activity of this kind in the OECD will be continued and intensified, just as we hope and expect that the GATT work program will also be expedited as much as possible. We in Canada export about 50 per cent of what we produce; the percentage of our GNP (gross national product) represented by exports is one of the highest in the Organization. That is why we say that what can be done now should be done now, and why we attach importance to the ongoing work here and in the GATT.

But it is very apparent that there is at the present time a certain underlying malaise - a certain stalemate - in the postwar progress toward freeing our mutual trade. There are times (and I suggest that this is one of them) when, as a group of industrialized countries, we must have resort to all the means at our disposal to break this static situation. OECD traditions and mechanisms are suited to doing just this, and it is in this spirit that Canada welcomes the Secretary-General's proposals in this document.

Canada supports the setting-up of a high-level group in the OECD to analyze trade problems, and to suggest possible methods for dealing with them. Our support is predicated on our view that the Secretary-General's proposal is essentially about trade liberalization. To be effective, such a group must have in it representatives of the interests of all the major trading nations. It is also important that the work of the group complement the work that now needs to be done in the GATT on techniques to be employed in eventual negotiations.

Recently there have been new signs of protectionism. Special problems are being encountered in agriculture and the textile trade, but the new protectionist pressures are more far-reaching. There are very real dangers that, in the present political climate, these pressures could lead to new restrictions all round.

In Canada we are aware that the trading world which we have known since the end of the War is in the process of fundamental change. New patterns of trade and economic relations are now developing.

The European Economic Community is already a trading entity comparable in market size and industrial strength to that of Canada's largest trading partner, the U.S.A. The coming enlargement of the Community will place additional pressures on established trading patterns. Special arrangements already in being or in prospect between the European Community and other countries or groups of countries are placing particular strains on established trading relations. Moreover special preferential deals threaten to erode the MFN (most-favoured-nation) principle, which has been the foundation of postwar trade co-operation.

Countries like Canada are bound to be specially aware of the danger of polarization in world trading arrangements. As I have said, Canada is a major trading nation, with important stakes in all parts of the world. Our geographical position and our trading patterns mean that we cannot see ourselves as fitting into any particular economic group. We believe that a truly multilateral trading system best serves the interests of all countries, irrespective of their size or of their relations with major trading units.

For this reason, we attach particular importance to achieving further liberalization of international trade on a multilateral basis. In view of increasing protectionist pressures throughout the world, there is now a very real danger of our losing the ground we have gained with such great difficulty. No country benefits from backsliding of this kind.

There are problems about sitting down now at the negotiating table. But I would suggest to you that there is important preparatory work that needs to be done. In the GATT considerable work has already been done in identifying specific impediments to trade both in the industrial and in the agricultural sectors. Detailed examination is now going forward of possible solutions to some of these problems.

It is for these reasons that Canada supports the Secretary-General's proposals, including his proposal for a study group on the problems of trade liberalization.



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INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



71/21

OFFICIAL CANADIAN VISITS TO HANOI IN 1964 AND 1965

A Statement in the House of Commons on
June 17, 1971, by the Secretary of State
for External Affairs, the Honourable
Mitchell Sharp.

The attention of the House has been drawn to the publication this week by the *New York Times* of a series of documents describing the involvement of the United States in Indochina up to 1968. In these documents are several references dealing with the activities of an officer in the Department of External Affairs serving on the International Commission for Supervision and Control in Vietnam in 1964-65. I should like to give the House the facts about his activities, which he carried out on instructions from the Canadian Government.

On June 10, 1965, my predecessor, the Honourable Paul Martin, Secretary of State for External Affairs, in a statement before the Standing Committee on External Affairs, said:

"I informed the House on Monday that our role in Vietnam has not been supine and that we have attempted to use the channels available to us by virtue of our Commission membership to establish contact with North Vietnam. Our commissioner in Saigon, over the past eight months, prior to May 31 made several trips to the capital of North Vietnam, Hanoi.

"During these visits he has had discussion with the local leaders and officials in an attempt to assess the North Vietnam Government's position. I asked him to go to Hanoi on May 31 and to see someone senior in the Government of Vietnam, the Prime Minister or the Foreign Minister, and this he did.

"This is the most recent contact that he has made and, although his report is not an encouraging one, I want to say that we have not abandoned the probing process. Mr. Seaborn, who is our Commissioner, is an officer of considerable

experience and ability. He is well qualified for an important assignment of this delicate nature. He had an interview with the Foreign Minister on May 31, in which he expressed Canada's concern, and our willingness to play a helpful role if possible.

"He sought clarification of the North Vietnam Government's position including its reaction to the recent pause in the bombings. Naturally I cannot go into any greater detail about it at this time; but I should like to say that the Foreign Minister stated repeatedly that the four conditions which had previously been outlined by the Prime Minister of North Vietnam on April 8, taken as a whole, represented the Hanoi Government's approach to a settlement."

I should now like to give a full account of the nature of our Commissioner's mission to Hanoi during the time he was in Vietnam in 1964-65. In the spring of 1964, following a meeting between the U.S. Secretary of State, Dean Rusk, and the Prime Minister, the Right Honourable Lester B. Pearson, and the Secretary of State for External Affairs, the Honourable Paul Martin, the Canadian Government agreed that the new Canadian Commissioner on the ICC in Vietnam might be instructed to probe what was in the minds of the leaders in Hanoi and help to dispel any misunderstanding they might have as to the future course the United States intended to follow -- that is, that the Americans were not thinking of pulling out of Vietnam and were prepared to increase their commitment there if this were considered necessary.

Canada's motive in agreeing to this special mission for the Canadian Commissioner was to try to promote a peaceful settlement to the conflict in Vietnam. Thus the Canadian Government considered it entirely consistent with, and indeed reinforcing, our role in the ICC. I should like to emphasize that the Commissioner acted at no time as a direct representative of the United States Government or President but only as a part of a Canadian channel of communication. It was clearly understood, of course, that messages to be conveyed in this way would be passed *via* Ottawa, that Canada did not associate itself with the content of the messages and that Canada would be free to add its own comments to any message passed in either direction. Our only commitment was that there would be faithful transmission of messages in both directions. The Canadian Government's purpose in agreeing to participate in this channel of communication was to provide an opportunity to reduce misunderstandings between the United States and North Vietnam, and was founded on a strong desire to ensure the return of peace to Vietnam and to Southeast Asia. This position was understood by both the Americans and the North Vietnamese throughout.

In the course of his tour of duty in Vietnam, Mr. J. Blair Seaborn, who was the Canadian Commissioner at the time, made six visits to Hanoi. Not

all of these were occasioned solely by his special mission. Canadian members of the ICC maintain contact on a regular basis with the authorities of both South and North Vietnam. On his first two visits to Hanoi, the Commissioner was received by the North Vietnamese Prime Minister Pham Van Dong on June 18 and August 13, 1964. During his first interview with the North Vietnamese leader, Mr. Seaborn explained his mission and the Canadian Government's purpose, which was to establish the Canadian Commissioner's credentials with the North Vietnamese as an authoritative channel of communication with the United States. At the same time, he conveyed the first of a series of messages from the United States Government. Mr. Seaborn reported to the North Vietnamese that United States policy was to see to it that North Vietnam contained itself and its ambitions within the territory allocated to its administration by the 1954 Geneva Agreements. He added that United States policy in South Vietnam was to preserve the integrity of that state's territory against guerilla subversion. He stated that the United States had indicated that it was not seeking military bases in the area and was not seeking to overthrow the Communist regime in Hanoi. The Commissioner informed the North Vietnamese Prime Minister that the United States considered itself fully aware of the degree to which Hanoi controlled and directed the guerilla action in South Vietnam and that the United States held Hanoi directly responsible for that action. He also made it clear that the United States considered the confrontation with North Vietnamese subversive guerilla action as part of a general confrontation with this type of violent subversion in other less-developed countries. Therefore the United States regarded its stake in resisting a North Vietnamese victory in South Vietnam as having a significance of worldwide proportions. The Commissioner mentioned examples of United States policy of peaceful coexistence having benefited Communist regimes, such as Yugoslavia and Poland. The Commissioner also reported that American public and official patience with North Vietnamese aggression was growing extremely thin and he feared that, if the conflict in the area should escalate, which he did not think was in anyone's interest, then the greatest devastation would result for the Democratic Republic of Vietnam itself. Mr. Seaborn reported that he was convinced that Pham Van Dong understood the importance and the context of the message he conveyed, and the seriousness with which the United States viewed the situation in Southeast Asia. To that extent it was judged that the initial purpose of this first contact had been successfully accomplished.

The second visit, despite its timing, was not occasioned by the incidents of August 2 and 4 in the Gulf of Tonkin and the air-strikes against North Vietnamese territory on August 5. These occurred after Mr. Seaborn had arranged to travel to Hanoi on August 10 on Commission business. On August 8 the Canadian Government agreed to relay to Mr. Seaborn a further message from the United States Government repeating many of the points made in the previous message and making clear that, "if the DRVN persists in its present course, it can expect to suffer the consequences." This message was based on the talking points that were published in the *New York Times* on June 13, 1971. This message was transmitted to Pham Van Dong on August 13, 1964. Despite its severity, the Canadian Government believed that, because of its importance and in the interests of peace, it should be transmitted faithfully in accordance with our undertaking to the United States. According to our Commissioner's report, the North Vietnamese Premier was clearly angered by it and said that if war came

to North Vietnam it would come to the whole of Indochina. Nevertheless, he said he wanted the Canadian channel kept open. Neither the United States nor North Vietnam, however, took any initiative to make use of it in the following weeks.

The Commissioner's third trip to Hanoi on regular Commission business was planned for November 1964, but we were asked by the United States Government to delay it to permit the preparation of a further message to the North Vietnamese. This message, which was relayed to Saigon on December 3, had nothing to add to the earlier messages beyond the statement that "the time is ripe for any message Hanoi may wish to convey", and the Commissioner was instructed by the Canadian Government to deliver passively so passive a message. It was conveyed, therefore, to the head of the North Vietnamese liaison mission for the ICC. This was the only North Vietnamese official whom Mr. Seaborn saw during this third visit, from December 10 to 18, 1964. There was no response to the American invitation for communication from the North Vietnamese and in January 1965 the State Department told us that it was unlikely that the United States would have anything to communicate to Hanoi "in the near future".

American air-attacks on North Vietnam began in February 1965 following a major Communist assault on American facilities at Pleiku and on February 27 Mr. Seaborn was instructed by the Canadian Government to go to Hanoi to discuss a new message with the North Vietnamese Prime Minister. He went on March 1, but Pham Van Dong would not receive him and the Commissioner saw Colonel Ha Van Lau, the head of the liaison mission, on March 4. At that time the Commissioner conveyed to him the substance of a general statement of United States policy and objective, which was also being made available to the North Vietnamese Government through the United States Embassy in Warsaw. Mr. Seaborn concluded, following this meeting, that the North Vietnamese were unlikely to use the Canadian channel of communication with the United States.

On May 28, 1965, following the suspension of bombing from May 12 to 17, the United States asked if the Canadian Government would instruct Mr. Seaborn to pass a further message to North Vietnam saying that "the United States continues to consider the possibility of working toward a solution by reciprocal actions on each side", and seeking clarification of whether American recognition of North Vietnam's "Four Points" of April 8 was regarded by Hanoi as a pre-condition to any discussions. Mr. Seaborn went to Hanoi for the fifth time on May 31 and saw both Ha Van Lau and North Vietnamese Foreign Minister Nguyen Duy Trinh. He reported his impression that the North Vietnamese were not interested in talking to the United States at that time. The fact that Mr. Seaborn had seen the North Vietnamese Foreign Minister was reported to the House by my predecessor, the Honourable Paul Martin, on June 7, 1965.

Mr. Seaborn visited Hanoi for the last time from September 30 to October 4, 1965. We had told the United States Government in advance that we had serious doubts about the usefulness of giving him special instructions and on this occasion he carried no message. His only official contact this time was at a low level in the North Vietnamese liaison mission and he detected

no sign of interest in discussions or negotiations. Shortly thereafter Mr. Seaborn returned to Canada at the conclusion of his normal posting in Vietnam.

It has been suggested that the Canadian Government knew, or should have known, that some of the messages it conveyed amounted to statement of an American intention to bomb North Vietnam. The Canadian Government knew of no such intention on the part of the United States. The messages we carried were couched in general terms and related to the possible consequences for the North Vietnamese Government of continued activities in South Vietnam.

It has been implied that the Canadian Government should not have carried any such messages on behalf of the United States. It was the view of the Government of that time that this was entirely consistent with its role as a member of the ICC, and indeed that it was implicit in the role that Canada should endeavour to promote a dialogue between the main parties to the conflict. The North Vietnamese made it abundantly clear to Mr. Seaborn that they did not regard our activity as in any way improper or inconsistent with our ICC role.

It has also been implied that when the bombing of North Vietnam began the Canadian Government should have made some public protest on the basis of what it is now claimed that it knew about American intentions. The Canadian Government had no information that would have justified such a protest at that time. Canada, along with many others, accepted the United States Government's version of the Gulf of Tonkin incident.

We were not allied to the United States in its operations in Indochina and were not fully informed by the United States on its various plans and intentions. Throughout, the record is clear that the Government of that day acted in good faith and in a manner consistent with our responsibilities to the International Control Commission.

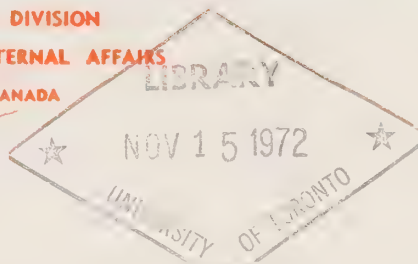
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CANADA

STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 71/22

A POWERFUL AND CONSIDERABLE COMMUNITY

An Address by the Canadian Ambassador to the
United States, Mr. Marcel Cadieux, to the
English-Speaking Union, Princeton, N.J.,
May 25, 1971.

Perhaps I might apply my professional and intellectual interests to an analysis of conditions in the Canadian Confederation and of our relations with your great Republic. I am speaking not as the formal representative of a government on this occasion but as a Canadian citizen whose own sense of well-being and of satisfaction in a profession function is closely linked to the achievement of the right kind of consensus between the two major groups that compose the Canadian state. I speak also as a Canadian citizen who realizes in how many ways the prosperous and harmonious development of his country depends upon its finding the correct balance between involvement and detachment in relations with the United States under the changing circumstances of continental and world affairs.

There are three major considerations about Canadian affairs, as they may concern other nations, that I should like to stress this evening:

- (1) An emphasis in our recent policy review on the *domestic roots* of foreign policy and on the very tangible economic and social interests of the nation does not indicate a diminishing interest in world affairs generally. It demonstrates an awareness of need for *reform, creativity and the achievement of consensus* between the two major groups in the Canadian state and society, comparable only, perhaps, to the need perceived when the Confederation was first formed a little over 100 years ago. I should say that, in this respect, the mood of the majority of Canadians is one of reaffirmation of loyalty to the Confederation.
- (2) In reviewing Canadian involvement *in world affairs*, we have been concerned to find *the right scale and focus* for that involvement, considering that the international balance of power and relations between individual nations and groups of nations since 1945 have changed a good deal.

- (3) *In relations with the United States*, we base our policies on two convictions. We expect to continue the close association for mutual benefit appropriate to relations with a close friend and ally. At the same time, the nature of that association in any particular field, which will not necessarily remain static, must take into account (a) the necessity for the smaller nation to preserve and develop those unique features of its political and cultural life vital to its existence as a state and (b) the necessity to preserve a freedom for initiative and differing views in world affairs appropriate even in an age of interdependence.

These are very broad assessments of Canadian preoccupations and intentions. I should like to provide a few examples of relevant policy decisions or national concerns.

Reform, Creativity and Achievement of Consensus

I assume that some of you are aware of the publication of a set of reports last summer entitled *Foreign Policy for Canadians*. These reports must be seen in the context of a much wider-ranging review of national interests and policies, both in their domestic and foreign applications, which has been going on in recent years in Canada. That broader review is not complete; it cannot be summed up in any one report; the national preoccupations that characterize it go beyond even the far-reaching responsibilities of the Federal Government. It has been marked at times by a mood of exhilaration and confidence as Canadians have considered the 100-year history of the Confederation and looked for new ways to contribute to the development of a world community. It has been marked at times by pessimism, by a feeling of vulnerability in the face of internal tensions and external pressures, which has, I think, surprised people in other countries. They have asked, in effect, vulnerable to what? Surely a country with the degree of military security, economic development and apparent political tranquillity enjoyed by Canada has much less to worry about than many other countries.

This national stocktaking has been stimulated by a number of problems and forces. A new type of self-awareness and a good deal of dissatisfaction among French-speaking Canadians about their position as the minority group in Canadian society have been major forces provoking re-examination of national objectives. One of the political founders of Confederation, Georges Etienne Cartier, said in 1865: "We were of different races, not for the purpose of warring against each other but in order to compete and emulate for the general welfare". Many Canadians would say today of the constitutional arrangements and the political visions of 1867 that they were excellent concepts, imperfectly realized even after 100 years, but still worth using as a basis for reform. No arrangements can be static, of course, for a political community which has attempted the ambitious experiment of holding together two distinct societies in an immense territory within the confines of a state genuinely vulnerable to outside pressures and the policies of others.

The nature of this fundamental problem of national existence becomes evident in debates on legislation about bilingualism and biculturalism, constitutional amendments, the conduct of foreign affairs or national and regional economic policy. It is evident in the peaceful debate on the separatist option for Quebec. It is seen in its most distorted form, on the periphery of political life, in the actions of a small but dangerous group determined to apply to the solution of a Canadian problem ideologies and tactics of violence which have no real roots in our country.

Basic as these issues are in explaining the need for a review of national policy and a relatively greater attention to affairs close to home, there are others to take into account. Canadians, like Americans, also worry about the social costs of industrialization, urbanization and rapid economic growth. They experience the types of social malaise common to most parts of the developed world. They have also become increasingly concerned about the impact on their society of American influence exerted in many different ways. Today that concern is focused on a very considerable and direct participation by American companies and investors in the economic life of the country. The fear that close association and even economic integration in some sectors would destroy political and cultural independence is not new. Another of our Fathers of Confederation, Etienne-Pascal Taché, warned the scattered colonies in 1865, with reference to the then prevalent fears of military conflict with the United States that, without Confederation, "we should be forced into the American Union by violence and, if not by violence, should be placed on an inclined plane which would carry us there insensibly".

The supporters of the idea of Confederation, in the debates preceding the Act of 1867, emphasized all the advantages of a pooling of resources in achieving what one of them called "a powerful and considerable community". This community would resist pressures from the state to the south and take over some of the burdens of the mother country as the new state moved towards total independence. I hesitated to use the phrase "powerful and considerable community" as a general title for this address because "powerful" usually suggest only the military aspect of power. I prefer to think of "power" as having many other ingredients: political harmony and unity of purpose, economic well-being and social justice, cultural satisfaction, and influential and constructive contribution to the world community. It must also indicate a willingness and capacity to deter attack and contribute to security in areas beyond one's frontiers. One might also think of power as, in a sense, a surplus or reserve of energy, over and above the most pressing needs of normal existence, which enables the leaders of a community to develop a new sense of purpose, and a capacity to initiate reform and to take an active role in relations with other states. We have in the past responded to challenges at home and abroad with achievements which we think have some permanent value. I am confident that we shall continue to do so, provided our home-base is always strong. Need I say more to an audience of this nature than that such preoccupations cannot sound too unfamiliar in the United States?

World Affairs -- the Right Scale and Focus for Involvement

The second major consideration I mentioned had to do with the choice of the right scale and focus for involvement by Canada in world affairs. In our foreign policy review, we have analyzed the complex relations between national objectives contributing to well-being, such as economic growth and social justice, and national objectives contributing to security and independence. Perhaps I could introduce some particularly Canadian dimensions to this universal problem by commenting on the importance of economic matters in the achievement of all national objectives.

Our economy is particularly dependent upon international trade as a factor in growth; one Canadian in four depends upon it for his livelihood -- this is much higher proportion than in the United States. We are affected immediately by changing economic conditions and decisions in the United States. The probable enlargement of the European Community poses trading problems for us with respect to a number of agricultural exports and industrial materials, since we shall lose preferences in Britain. In terms of general trading policy, we have urged on Community members, both present and prospective, the desirability of moving forward as rapidly as possible with further trade liberalization under the General Agreement on Tariffs and Trade. We should like to see the United States take a lead in this respect and we have expressed our concern about indications in the past year or so of a revival of protectionist sentiment in the United States.

The reason for these Canadian concerns is obvious. Even if our trading and balance-of-payments positions are good at present, we cannot expect favourable commercial and monetary conditions to continue without constant attention on our part and on the part of others. We have been giving a very high priority to the achievement of such conditions since 1945. A relatively small trading unit with a high degree of dependence on trade cannot do otherwise. Confrontation between the economic giants of the developed world with resultant loss of momentum towards global liberalization through instruments such as the General Agreement would be dangerous indeed for us.

There are two other particularly Canadian considerations to an emphasis on "economic growth" as a major national objective affecting both domestic and foreign policy. Problems of under-development in Canada (regional rates of unemployment, for example) are not identical with problems of achieving a more equitable balance in the cultural field, but they are very closely linked. A drop in trade, a slowing in economic growth, a diminution in financial resources available to the Governments of Canada and the ten provinces for purposes of regional development and reform could have serious implications in a political sense.

In the second place, we are concerned not only with the necessity for stimulating economic growth but with the very important question of *how* it will be stimulated. We must make the right choices between the extractive and manufacturing sectors in the allocation of financial resources if we wish to have balanced growth, a high degree of employment and a diversified economy. We must consider the advantages and disadvantages of relying to a considerable

extent in some sectors on foreign investment to stimulate that growth. The very resources from outside that can be most helpful in achieving political stability can also constitute a political irritant and danger if, because of the way in which they are brought in and used, they have the effect of undermining Canadian control of the economy or of developing it in an unbalanced way. There are complex questions, now under study in Canada, about which the Government has reached no general conclusions. I mention them chiefly to illustrate the very close connection between economic growth and political questions of sovereignty and independence.

The very close connection between economic growth and questions of peace and security should be evident also. We should never have left Canadian forces in Europe for two decades -- or have them there now -- if we had not recognized the intimate connection between military security, political confidence and economic growth. At the same time, in the specifically military field in NATO, the choice of a scale and focus for involvement is not easy for a nation that is neither a guarantor of the whole system like the United States nor a regional power in the area in which the Atlantic system confronts the Warsaw Pact system most directly. Our reduction of Canadian forces in Europe and their conversion to a somewhat different role, both in the NATO and Canadian contexts, resulted from a re-examination of our own role within the alliance. It did not affect our guarantee about involvement in the system or our estimation of the political value of the association.

Our review envisages a steady and planned growth of relations with Latin America that will not lead immediately to full participation in the inter-American system but will likely lead to formal observer status for political purposes and will certainly lead to greater involvement in economic co-operation. In the Pacific area, we expect also a steady growth of activity with an essentially economic emphasis. Our commitments to the full range of United Nations and Commonwealth activities have not changed and our aid allocations will increase in volume by 16.5 per cent in 1971, with better terms for recipients. Our association with French-speaking countries in a new type of cultural and social community is an expanding and highly desirable one, both for international and domestic purposes.

Friend and Ally

A very large part of our debate about national policy is centred on the relationship we ought to have with a close friend and ally, the United States; if there is such a thing as a national consensus on this point, it would probably be that we wish to live as a nation distinct from but in fundamental harmony with our continental neighbour. I do not think that I have to elaborate the theme of friendship or enumerate the areas of common interest. Merely stating the obvious facts about a friendly relationship of long standing does not, however, solve all the problems of policy in particular fields.

I propose, therefore, to use the shrewd advice of Benjamin Franklin, in suggesting what will be required in the coming years between friends. His recommendation is well worth pondering: "When a Friend deals with a Friend/Let

the bargain be clear and well penn'd/That they may continue Friends to the End". We should all do well to look at the details of any general understanding and to take precautions against misunderstandings and disputes before they prejudice an entire relationship. That relationship has in any case changed over the years in response to the dynamics of developments in each country.

The Member for South Grenville on the shores of the St. Lawrence warned his fellow legislators in 1865 that: "To use their own expression, the Americans are 'making history very fast' and it is impossible that eventful history can be manufactured in a territory separated from our own by little more than an imaginary line, without our having eventually some part in its pages, for good or for evil". Walter Shanley could not have foreseen all the ways in which the two countries have been involved in common ventures or in which the smaller nation has been affected by the larger in the intervening century, but he was right in thinking that the great surge of American power beginning in the nineteenth century would provide a constant source of influence on Canadian society and that an "imaginary line" would not provide much of a barrier.

There can be no doubt that, in scale and in economic and social importance, the movement of goods, people and knowledge between Canada and the United States will not diminish but will probably continue to increase. I stress the word "between" in case it appears that I am painting a very gloomy picture in which the power of the larger nation is set only against the passivity or weakness of the smaller one. Statistics for the movement of goods and investment capital in *both* directions demonstrate the high degree of mutual interest in a very close economic relationship.

The Canadian economy, both in its constant expansion and in its diversification, has become, in relation to population and in comparison even with industrially-developed nations, a powerful one. Given a state of relative political tranquillity at home and avoidance of global war, its potential for continuing expansion would appear to be fairly considerable.

We are therefore discussing a continental relationship between two economies, both of which, with due regard to all the obvious differences of scale, are powerful, expanding and diversified. It is natural that the two economies should become very closely interrelated as both private and governmental agencies seek the greatest advantage possible from a sophisticated use of resources and development of markets, both through competition and through co-operation. If you wish illustrations of the complexity of the economic relationship, consider the automotive products agreement of 1964 introducing essentially free-trade conditions in a particular sector or the trade in oil, in which Canada exports its products to the United States in the West and imports from outside the continent in the East.

In both cases, normal and current market forces create a trading pattern with a high degree of integration but not without control by, or negotiation between, governments to ensure what they consider to be a balance of benefits or to support long-term political or security interests that are never the same in two independent states. Reconciliation of differing interests

and opposing pressures of this nature will remain at the heart of Canada-United States relations for the indefinite future.

We are linked closely to United States activities and policies in many fields other than the economic one, and these links present both opportunities for co-operation and problems of reconciling differing interests. Combating pollution in border areas with shared responsibility is obviously one. Reaching agreement on the best means in North America of ensuring the military security of the two countries under changing strategic and technological conditions is another. While Canada is committed by the North Atlantic Treaty to full participation in regional security arrangements and regards co-operative defence arrangements with the United States and protection of the strategic deterrent as fundamental in its own defence policy, there still remain questions to be settled about the ways in which the defence forces of a smaller, non-nuclear power can best co-operate with the forces of a world power.

Basic understanding and goodwill do not eliminate problems caused by impersonal economic forces or conditions -- commercial, technological or monetary -- which are much harder for the smaller nation to control. Nor do they provide any easy answer to questions about the cumulative economic, cultural or political effect in the smaller nation of a high degree of foreign ownership of resources and industry, which, in the short term or in purely economic terms, might be seen as advantageous and natural in contemporary world society. The problem of reconciling complex and often conflicting forces of economic and political interest under such conditions are not limited to Canada-U.S. relations. The West European nations face them as they proceed along various paths of integration, unification or political co-ordination. Within Canada we face them as we consider how best to achieve justice, satisfaction and consensus between our two cultural communities. Even with highly-developed political traditions of a century based on our federal, parliamentary and cabinet system of government, the reconciliation of conflicting interests poses a considerable challenge. When some aspects of an internal problem assume international dimensions in economic relations, with no superior political institution to make decisions, and only the normal diplomatic processes of negotiation available, then the need for foresight, understanding and Franklin's "well penn'd" bargains becomes evident.

Conclusion

Sometimes preoccupations of individual Canadians about preserving national identity under the impact of the society to the south, particularly as reported outside the country, make it appear that only a few more degrees of American influence or presence would bring the whole Canadian political and cultural fabric down in ruins. My own view is that Canada is scarcely so fragile. I have referred several times to Confederation, because it was a political act in the last century which gave the Canadian political community its present form. Our society, in its North American context, is, however, much older than that and you would be brought up sharp in many parts of Canada if you seemed to assume that our significant history began only in 1867.

Our first diplomatic representative in Washington, Vincent Massey, who was later Governor General, traced the origins of his family to colonial Virginia. His successor as Governor General, Georges Vanier, was a descendant of the settlers of La Nouvelle France. Although some Canadians occasionally seem to have difficulty in deciding what it is to be a Canadian, I find it hard to share this predicament. I think I know what it is to be a Canadian. My ancestors have been in Canada for more than three centuries. Most of my French-speaking compatriots are in the same situation. North America is our home, our only home. We consider ourselves as something distinct and original to this part of the world, entitled to and determined to achieve survival, a place in the sun. I speak, of course, as a member of the smaller group in our country which has often had to ask itself about the value of the Canadian experiment in ensuring the group's survival and in nation-building. From the same vantage-point, I should say that I have never felt a greater determination among French-speaking Canadians to work out the full implications and promises of their destiny in North America. They think they can, in the process, strengthen the Canadian state.

As for my English-speaking compatriots, who are, of course, more open in many ways to continental influences, I must note that, from the beginnings in the eighteenth century, they have shown a fairly well-developed capacity to absorb what they needed from the society to the south and then to do what they wanted on matters most important to them. Current national preoccupations suggest a strong desire to keep on doing exactly that.

The Canadian story will continue, therefore, and it will be characterized by a typically North American insistence on progress and a fundamental optimism. In order to continue, to improve, to meet the particular problems of today, we have to act, whenever necessary, to maintain a freedom of choice and a sense of security in our own destiny. I do not think that outside pressures will destroy a sense of purpose and identity. Without foresight and diplomacy in the continental relationship, however, the frictions entailed in reaching accommodation of our interests in particular areas between two nations could affect a political relationship which is of great value.

To allow that relationship to be affected would be unfortunate. The well-being of many people in both our countries depends on a relationship of confidence which encourages bargaining to find the best mutually-acceptable arrangements in all the areas where our interests are overlapping. Furthermore, we both have an obligation towards the rest of the world to co-operate in the global search for peace and justice. How many times in this century, since the United States has moved from a hemispheric role to a global one and since Canada has assumed the obligations and opportunities of independence, have Americans and Canadians worked together or along parallel and independent lines to achieve greater tranquillity in the world community? This is another part of our continental history which will continue.



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 71/23

IMPLICATIONS FOR CANADA OF THE "NIXON DOCTRINE"

An Address by the Secretary of State for External Affairs,
the Honourable Mitchell Sharp, to the Centre for Inter-
American Relations, New York, September 21, 1971.

...Canada emerged from the Second World War with a new strength and a new sense of independence. At that time we saw ourselves very much as a North Atlantic nation, having close ties with this great country to the south of us and with Europe to the east. Changing patterns of world trade and changing world power relations have brought about a gradual shift in our orientation to the world. This shift was given shape and recognition in the course of a fundamental review of our foreign policy that was undertaken in 1968 with the coming to power as Prime Minister of Pierre Elliott Trudeau, and completed -- in the limited sense in which such a review can ever be completed -- last year.

The first effect of the review was to reaffirm our close ties, political, economic and cultural, with the United States and Europe. The second was to come to terms with the reality of our position in the world of the 1970s by accepting first that we are an American nation, with interests and aims in the whole hemisphere. These include a special responsibility for the Arctic region and its ecology and closer relations with the nations of Central and South America and the Caribbean.

A natural extension of this reorientation of our policy was acceptance of the reality of our position as a Pacific power. In a generation, Canada's understanding of its place in the world has changed profoundly. We remain the North Atlantic nation we saw ourselves to be 25 years ago; we now see ourselves equally to be an Arctic nation, a Pacific nation and above all, as I have said, an American nation.

Changes in the orientation of a country like Canada -- bilingual and multicultural -- take place imperceptibly, partly as a result of changes in the perception of national goals and interests, partly in response to changes in the international environment. The review we completed last year enabled us to take into account the changes that had occurred and to set new directions.

Acceptance of our position as a Pacific nation was one of the forces that led us to recognize the People's Republic of China and press for the seating of Peking in the China seat at the United Nations. It is strange how

non-controversial that seems now as President Nixon prepares for his history-making visit to Peking; in 1968, our early moves were looked upon with great reserve by some in this country.

Acceptance of our position as an Arctic nation was one of the considerations that led us, earlier this year, to sign a protocol on consultations with the world's other great Arctic power, the Soviet Union. Next month Mr. Kosygin will spend a week in Canada, returning the Prime Minister's visit to the Soviet Union. This is compelling evidence of the extent to which Canada and the Soviet Union share assets, interests and problems.

In these brief introductory remarks, I have given some indication of the optic in which Canada sees today's world and I have stressed that we see ourselves first and foremost as one of the nations of the Americas. We accept our responsibilities as such; we intend to pursue our national goals and interests in this hemisphere and to play our part as one of its constituent entities. This has led us to a re-examination of our political, economic and cultural relations with the Latin American republics and the Caribbean nations, of whom there are so many distinguished citizens here today.

Concrete results of this re-examination can now be seen as Canada draws closer to the inter-American system and develops closer bilateral ties with the nations of Latin America. We are joining more of the agencies within the system, and increasing our participation in others. We have applied for permanent observer status in the Organization of American States. Our application has been accepted in principle, and modalities are now being worked out. This will lead to the establishment of a Canadian mission to the OAS. If you wish to regard permanent observer status as a way-station on the road to full membership in the Organization, I do not challenge your right to do so, although I cannot predict what course the Canadian Government may follow in the future. Much will depend upon how the members of the Organization and Canada see their best interests served. Certainly, in a number of conversations I have had with Latin American governments, full membership was not seen as the first imperative for closer inter-American relations.

The review of foreign policy to which I have referred identified Canada's central problem as "how to live in harmony with, but distinct from, the greatest power on earth". I am sure this problem is one that is fully shared by our friends in Latin America and, in varying degrees, by most of the countries of the world. And so I must now set sail on rather a stormy sea, where the charts that have served us well in the past seem suddenly less reliable and the navigation aids less fixed.

The enunciation of the "Nixon Doctrine", and more particularly its specific manifestation in the economic measures taken by the United States last month, has effectively, and perhaps brutally, challenged some of our assumptions and led us to re-examine our position as an industrial and trading nation.

The Canadian and United States economies are interdependent to an extent that is probably unequalled anywhere else and to an extent not always recognized on either side of the border. The United States takes 68 per cent of Canada's exports and provides 75 per cent of our imports. This 75 per cent of our imports amounts to 25 per cent of total United States exports. Certain elements of our industrial production are fully integrated -- farm machinery, automobiles and defence production. About half of Canada's manufacturing industry is controlled by multinational corporations based in the United States; in the case of the petrochemical industry the figure is over 90 per cent.

The United States depends on Canada as a secure and reliable source of essential resources -- oil and gas, forest products and minerals. The uninterrupted flow of these materials is essential to the proper functioning of the American economy. Canada's export trade, though world-wide in extent, is heavily concentrated on the United States and the United States relies heavily on Canadian manufactures. This amounts to a true interdependence, but it is an interdependence between powers of different orders of magnitude. A United States measure that damages the Canadian economy also damages the American economy and the reverse is also true. It is also true, because of the different order of magnitude of the two economies, that United States actions can have much more far-reaching effects than those of Canada.

This is the background of reality in which the effect on Canada of President Nixon's measures must be understood. The 10 percent import surcharge affects about \$2.25 billion of Canada's exports to the United States, some 25 per cent of the total. This is serious in itself. It becomes more serious when one considers that the \$2.25 billion affected is in the labour-intensive secondary manufacturing sector already adversely affected by the appreciation of the Canadian dollar. If this surcharge remains in effect, employment will be exported from Canada to the United States at a time when unemployment in Canada is running at a level even higher than that in the United States.

The surcharge is said to be temporary in nature. If it is very temporary, Canada will be able to absorb its effects without the need for major readjustments. On that assumption the Canadian Government has already introduced legislation of a temporary nature to mitigate its effects and we have other contingency plans should they be required. The purpose of these measures, I should emphasize, is to support employment, not to subsidize exports to the United States. The companies affected can claim assistance whether or not they export to the United States.

It is instructive to look again at the purposes of the 10 percent import surcharge as expressed by the President on August 15 and elaborated on by other spokesmen:

To encourage the United States' trading partners to revalue their currencies in terms of the American dollar;

to encourage the lowering or removal of tariff and non-tariff barriers that discriminate against American imports;

to encourage other nations to accept
a greater share of their international
responsibilities.

What is Canada's record in these three areas? We floated our dollar in May 1970; its value in terms of the American dollar has appreciated by some 7 per cent and is determined solely by market forces. Canada presents no discriminatory tariff or non-tariff barriers to the free flow of American goods. Canada is allied with the United States in NATO and maintains effective forces in Europe. We share responsibility for the defence of the continent in NORAD. Our development aid program compares favourably with that of the United States in *per capita* terms and as a percentage of the national product. It is increasing steadily and substantially -- not being cut back, as reflected, for instance, in our more active participation in the Inter-American Development Bank.

In President Nixon's own terms, there is no possible justification for the application of the 10 percent import surcharge to Canada, nor is there any apparent action Canada could now take to meet the President's standards and thus to avoid the surcharge.

In the longer term, the so-called DISC legislation and the proposed job-development tax credit, both of which would discriminate against imports, pose an even greater threat to Canada as an industrial and trading nation. These proposed permanent protectionist measures call into doubt the basic assumptions of our trading relations with the United States, and, indeed, of world trading arrangements generally. They may signal a fundamental re-adjustment of American trading policy and one that would be a deliberate turning away from the policy of trade liberalization on which postwar world prosperity has been built.

I hesitate to believe that the United States is now turning its back on a partnership in the development of North America that has served both our societies well for centuries. I do not accept that the United States, in a narrow and short-sighted pursuit of its own interests, has adopted a beggar-my-neighbour policy towards Canada. For one thing, it would make no sense. You don't help your own business by creating difficulties for your best customer.

Canada, in close co-operation with the United States, has built a balanced and successful industrial and trading economy. I can assure you that Canada is determined to continue on the course it has set for itself. Suggestions from responsible authorities in the United States that Canada should reduce its secondary manufacturing industry and concentrate on the exploitation and processing of natural resources are as insensitive as they are uninformed. We have the fastest-growing labour force in the world. Extractive and processing industries could not begin to absorb the labour force we have today, let alone provide the new jobs we need now and in the future.

Needless to say, we in Canada are asking some pretty fundamental questions about the future. We have proceeded in the postwar period on the assumption of freer trade and stable trading relations between Canada and the United States, relations which have been profitable to both countries. The announcement of August 15 could not help but shake that assumption, and, as a Government responsible for the security and prosperity of more than 20 million Canadians, we have to look at the alternatives.

Let me emphasize that I do not myself assume that questions about alternatives are going to have to be answered in practice, even though they must be studied in theory. I am optimistic enough to believe that reason will prevail. Hence I look forward to an end to this period of uncertainty -- to a renewed, rationalized and more effective international monetary system and better and more liberal world trading arrangements.

Underlying the current crisis is a basic and probably durable change in the configuration of power and industrial wealth in the world at large. Throughout most of the postwar period, the United States was by far the richest and the predominant economic power in the world. It assumed the largest responsibilities and burdens for upholding the international monetary and trading system created at the end of the war. This dominant position found recognition in the monetary field by the unique position accorded to the United States dollar as a world reserve currency firmly pegged to the price of gold. The United States responded with generous and far-sighted leadership, and must be given credit for making possible the remarkable recovery and growth of war-ravaged economies. Thanks to the wealth and far-sighted generosity of the United States, the international economic machinery established at the close of the war proved remarkably successful. In contrast to the disastrous period of the Thirties, the world experienced the most rapid and sustained expansion of international trade that it had ever known, and the principal beneficiary was the United States itself. Canada played its part in the reconstruction of the postwar world, acting generously like the United States, in the enlightened pursuit of its own self-interest.

Within the international monetary and trade system, the most notable developments have been the emergence of a more cohesive Europe and of Japan as major trading and financial centres in many ways comparable in importance to the United States. This is the broad context in which the United States under President Nixon has endeavoured to chart new directions for United States policy, adapted to the new realities.

The "Nixon Doctrine", presaging a lower world profile for the United States, takes account of new trading patterns and new power relations. In the so-called "Western" world, the United States is no longer a giant among mere mortals. The economic paramountcy of the United States will be challenged by the Europe of Ten, which, with its associated states and special arrangements with former colonies, will encompass some 45 per cent of the world's trade.

On the other side of the world is the economic miracle of Japan. Just as in the field of world politics a triangle of centres of power is emerging -- the United States, the Soviet Union and China -- so in the

non-Communist world economic leadership has now to be shared and co-ordinated by the Big Three -- the United States, the Europe of Ten and Japan -- perhaps with an assist from Canada, the fourth-largest trading entity. The United States cannot escape the responsibility of leadership, but it must now exercise its leadership in a world environment very different from that which prevailed only a few years ago.

Postwar prosperity has been built on two foundations: the generous and imaginative reconstruction policies of the United States, and the development of stable, liberal multilateral trading arrangements through such instrumentalities as the GATT and the OECD. If the developed nations are to continue prosperous and secure and if the developing countries are to be given a chance to achieve prosperity it will only be done by adequate development aid supported by continuing co-operative arrangements between trading nations.

To the extent that President Nixon's measures have forced a showdown and a rethinking of some of the world's basic monetary and trading problems, they are to be welcomed. I am sure I do not misread the intentions of the American Administration when I say that I do not regard the Nixon package as a new American policy but rather as a deliberate shake-up designed to create an atmosphere in which some of the deep-seated problems in the monetary and trading systems can be solved by the world community working in concert. To this extent, the measures have been effective. We in Canada share the desire of the United States to see currencies realistically realigned. We share the desire of the United States to see arbitrary restrictions on trade like those employed in Japan and Europe removed, for we too are adversely affected by them. Experience suggests, however, that unilateral action of the kind taken by the United States, if persisted in, leads to the sort of confrontation politics that rarely serves its purpose and invites retaliation. The world trading community, through the GATT, has found the temporary surcharges to be inappropriate and has called for their removal. I would urge, therefore, that the surcharges, which are contrary to accepted fair trading practices, be withdrawn without delay. I urge, also, that the United States not proceed with the DISC proposal and amend the proposed job-development tax credit to remove the discrimination against imports.

A couple of years ago, the Canadian Government began to be very concerned about the possibility of a return to protectionism, notably on the part of the United States and the European Common Market. Since that time I and my colleagues, Edgar Benson, the Minister of Finance, and Jean-Luc Pepin, the Minister of Industry, Trade and Commerce, have had continuing consultations with the United States Government, the Western European governments and the European Economic Commission, warning of this very real danger. We discussed this again, as recently as last week, with Mr. Malfatti, President of the European Economic Commission, in Ottawa. And I admit that Canada has a very special interest -- in a battle of giants, the innocent bystander usually suffers most. Our talks have convinced me that nobody wants this to happen. I don't suppose anybody really wanted the Great Depression, or the Great Wars, to happen. But happen they did.

The "Nixon Doctrine" serves timely notice upon us all that the United States cannot be counted upon to carry more than its fair share of responsibility for the security and material prosperity of the world. This is a fair and welcome position. At the same time, and for its own sake, the United States cannot avoid its responsibility for the leadership required to bring about the saner and healthier international monetary system and trading arrangements the world so clearly needs. Nor can the enlarging European Economic Community and Japan. The better arrangements must be reached after full and free multilateral consultations, not by ultimatum and confrontation. The purpose of these consultations must be the further enlargement and liberalization of the terms of world trade, not its contraction, and they will only be successful if all the leading economic powers are determined to make them so. Canada will use every opportunity and every instrument at its disposal to get these consultations under way. We will work with the United States and our other partners to help make sure that they are both thorough and far-reaching, dealing effectively with the problems before us and laying a secure foundation for another generation of economic growth for developed and developing nations alike.

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CANADA

STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 71/24

MAINTAINING THE SOLIDARITY OF THE NORTH ATLANTIC ALLIANCE

An Address by the Secretary of State for
External Affairs, the Honourable Mitchell
Sharp, to the North Atlantic Assembly,
Ottawa, September 27, 1971

To Mr. Speaker's warm words of welcome to you all I would like to add mine, both in my personal capacity and as representing the Government of Canada. This is the first time that the North Atlantic Assembly has met here; surely it will not be the last....

The North Atlantic alliance is based on a treaty between sovereign nations as represented by governments. With few exceptions, these are freely-elected governments, responsible to their citizens through powerful elected legislatures. These legislatures are at once an essential support to their governments and an essential check on the exercise of executive power. A treaty organization made up of freely-elected governments must be a voluntary association, held by shared beliefs and shared objectives.

Despite the exceptions, our alliance is a reflection of the people's will expressed in the ballot box. It is this foundation that explains why our countries have banded together for their common defence and it is this foundation which provides the sustaining force that has kept the alliance strong and closely knit for a quarter of a century.

It is governments that have the power to take decisions on NATO issues. Speaking for the Canadian Government, I can say that in the exercise of the decision-making power we recognize the vital importance of the role of individual Members of Parliament and the Legislature itself. Members of Parliament can affect and have affected decisions on foreign policy by their votes on the Government's actions. They are in close contact with people in all walks of life across the country and keep the Government aware of and in touch with changing public views and attitudes. They are extending their knowledge and interest in foreign affairs and their views are increasingly well-informed. In Canada, for example, our Senate and Commons Committees on External Affairs and Defence have developed a considerable degree of expertise and are playing a useful role in the development of policy.

The North Atlantic Assembly enables parliamentarians to involve themselves in foreign affairs and expand their knowledge by discussing the vital issues of the day with their counterparts from other NATO countries. As the representative of a Government committed to the principles and policies of the Atlantic alliance, I hope that the exchange of views which takes place here will confirm the solidarity of the alliance - not for solidarity's sake alone, but as a result of analytical examination of why NATO exists and what we collectively and individually derive from it. While an open examination runs the risk of disenchantment, it is my view that a searching look at fundamentals can only benefit the alliance. Self-delusion and a stand-pat attitude based on a superficial appreciation of reality will only lead to the alliance's demise.

The alliance will remain strong as long as it enjoys wide public support in all its member nations. Parliamentarians have an essential role to play in explaining alliance actions and policies to the people so that their support can be based on a proper understanding of what the alliance is about. In the end, public support depends on public acceptance of the alliance as a body to which their country should belong. This acceptance is threatened when member governments fail to live up to certain minimum standards in the conduct of their affairs, whether this be by abrogation of the democratic process, by adherence to a colonialist policy or otherwise. Full acceptance of the alliance can also be threatened if it appears to others that a member nation is taking unilateral action in its own interest at their expense.

At the NATO meeting last December, I expressed Canada's growing concern about the dangers of a trade confrontation between Europe and America, and the harm this would do to the solidarity of our alliance, apart from its effect on Canada.

In the event these were prophetic words: such a confrontation is no longer just a possibility; unfortunately it is a fact. And all of us who are concerned about the future of the North Atlantic alliance should be doing all in our power to ensure that the problems arising out of the balance-of-payments deficit of the United States are handled in such a way as to promote, not impede, co-operation between the member countries.

I appreciate that, as Secretary Connally has indicated, the United States measures are intended to provide a deliberate shakeup, so as to create an atmosphere in which some of the deep-seated problems in the monetary and trading systems can be solved by the world community working in concert. But the United States measures will be effective for this purpose only if our sense of mutual confidence is preserved. I regret to have to add that the result so far has been to disturb rather than to preserve that sense of mutual confidence.

I do not intend, this morning, to deal with the military aspect of the alliance. It is not my area of responsibility, nor do I think that there are any general comments I could make that would be particularly useful at this time. I should, however, like to draw to your attention the White Paper on Defence issued by the Canadian Government last month under the authority of my colleague the Honourable Donald S. Macdonald, Minister of National Defence.

The Paper reaffirmed that Canada would not only continue to contribute to alliance security in the North American and North Atlantic regions but would also continue to station significant forces in Europe as part of the NATO integrated force structure.

The Paper goes on to say:

"The decision reflected the Government's judgment that Canadian security continues to be linked to Western Europe and that Europe is still probably the most sensitive point in the East-West balance of power. It is the area from which any conflict, however limited, might most readily escalate into all-out nuclear war engulfing Canadian territory."

NATO is the most important forum in which North Atlantic countries can work toward the reduction of East-West tension. The alliance has become increasingly effective as a forum for consultations on defence and arms-control questions and many other political issues. One of the most compelling reasons for Canada to remain a member of NATO is the important political role that the alliance is playing - and that we can play as a member - in reducing and removing the underlying causes of potential conflict by negotiation, reconciliation and settlement. We continue to attach great significance to this aspect of the alliance's activities.

It is the Canadian view - shared by other members of the alliance - that we should carefully and prudently take advantage of changes in the East bloc and a greater receptiveness on the part of Eastern European countries to try to deal with them on a business-like basis. We have already gone a considerable distance in this policy, for example, through the visit of our Prime Minister to the Soviet Union in May of this year. We are now preparing for the return visit of Mr. Kosygin, the Chairman of the Council of Ministers of the Soviet Union, next month. We have no illusions about the difficulties in resolving major differences in these contacts, but there are benefits to be reaped, not only by the NATO country concerned but also by the alliance as a whole. The sum of all the bilateral contacts can have an important impact on the development of *détente*.

Mutual balanced force reductions is a long-standing NATO objective in the struggle to reduce tensions in Europe and one to which Canada attaches great importance. Reductions of the forces confronting each other could provide continuing security for both sides - and I emphasize "both sides" - while lowering defence costs. The Brezhnev speeches of March and May this year may signal a breakthrough. Certainly the indications that the Soviet Union is serious about force reductions negotiations must be followed up. Canada supports NATO efforts to prove Soviet intentions bilaterally. We also think that a representative of the alliance could supplement bilateral contacts by discussing with the Soviet Union and others the possibilities of moving to negotiations as soon as possible, on the basis of agreed principles. We were gratified that NATO ministers, at their meeting in June, endorsed the explorer idea and that this and other ideas will be examined at the high-level meeting in Brussels next week. The MBFR issue is very complex, involving as it does the forces of many countries in several parts of central Europe,

but the rewards would be commensurate with the effort required to reach agreement. It goes without saying that Canada is no more prepared than any of its allies to concede tangible security for unsubstantial promises. Yet we are encouraging our NATO colleagues to move forward on this issue, taking advantage of real opportunities in the search for a mutually acceptable agreement.

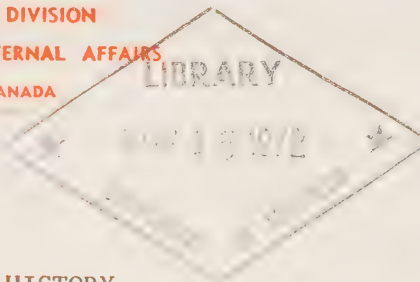
Canada was not a party to the four-power talks on Berlin but we participated actively in the alliance consultations that have accompanied them. We welcome the agreement on the first stage which emerged after months of hard bargaining. It is our hope that the second stage of the negotiations - between the appropriate German authorities - will be completed soon. Until then, Canada, in concert with its allies, does not think that the time has come to shift from bilateral to multilateral discussions on the possibility of a conference on European security. We are not dragging our feet by insisting on a satisfactory conclusion to the Berlin talks as a prerequisite for a security conference; we are simply recognizing that failure to achieve East-West agreement on Berlin would indicate that the climate was not ripe for the resolution of wider European problems. Once a Berlin agreement has been achieved, however, we see considerable value to be derived from a conference on European security, provided such a meeting was properly prepared and had good prospects of success. Any conference of this kind should involve not only all the members of NATO and the Warsaw Pact but interested neutral countries in Europe. While awaiting a Berlin agreement, the alliance must pursue its studies of the procedural and substantive problems of a conference against the day when a conference is a reality....

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STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 71/25

A TURNING-POINT IN WORLD HISTORY

An Address by the Secretary of State for External Affairs,
the Honourable Mitchell Sharp, to the Twenty-sixth General
Assembly of the United Nations, New York, September 29, 1971.

...It is a matter of deep regret in Canada that this should be the last session at which U Thant will occupy the Secretary-General's chair. U Thant has carried out his heavy responsibilities and fulfilled his arduous obligations with a serenity and steadfastness that have been an example to us all and that have won the respect and admiration of all men everywhere. I am sure that his quiet and authoritative voice will continue to be heard in the councils of the nations, and on behalf of the people of Canada I wish him well in his future endeavours.

This twenty-sixth General Assembly opens a new quarter century in the life of our organization, and I suggest that it may mark a turning-point in our history and the opportunity for a new beginning, if this Assembly moves promptly and effectively to seat the People's Republic of China in the China seat. China is a charter member of this organization and a permanent member of the Security Council. The only question before us is who should occupy the existing China seat. The Canadian position is clear -- the government that has responsibility for the overwhelming majority of the Chinese people must now take its proper place here, the Government of the People's Republic of China.

The seating of the Peking Government in this Assembly and at the Security Council will bring the effective government of a quarter of mankind into our councils.

Canada endorses the principle of universality of membership and looks forward to a time when the divided states too can be properly represented here. But principles must always be conditioned by facts, and before this ideal can be reached there are serious practical problems to be solved. There would be no particular advantage for the United Nations or for the divided states themselves were they to do no more than import their special problems and conflicts into the wider forum of this organization.

I have said that Canada endorses the principle of universality and, in the Canadian view, there is an important principle involved. The communications explosion has annihilated time and distance, two factors that used to isolate

problems in one part of the world from those in another and that frequently contributed to the solution of such problems by allowing a breathing space in which good judgment and common sense could be brought to bear.

International problems can no longer be localized easily; every such problem is a world problem and involves the world community, which is, in effect, the United Nations. The simple theorem that universal problems call for universal solutions is almost a tautology, and universal solutions are likelier to be found by a body that is universally representative.

I should like to illustrate what I mean by touching briefly on four problem areas: armed conflicts; the physical environment; arms control and disarmament; world trade.

As we look around the world today, we see armed conflict or the seeds of armed conflict in many parts of the world. Those cases where international disputes involve member nations -- for example, the Middle East -- fall clearly within the responsibility of the United Nations. Where conflicts are contained within a single state, established practice at least suggests that they do not. This leaves with us a question that I shall pose and discuss, but to which Canada has no definitive answer to offer -- at what point does an internal conflict affect so many nations to such an extent that it can no longer properly be accepted as a domestic matter?

I sense a growing world concern that tragedies are unfolding and that nothing is being done about them by the world community as represented in the United Nations. The capacity of this organization to resolve conflicts, whether domestic or international, is limited by two realities, the terms of the Charter and the will of the member nations.

We do not here constitute a supranational authority. I do not believe that the world is ready for such an authority, for any kind of world government. Today most of the nations of the world, older and newer equally, are preoccupied with internal problems. Certainly Canada is no exception. Canada is facing internal problems, both economic and political. Canada believes that domestic problems are best dealt with by domestic solutions, and others feel the same way. The question is: How can the international community best assist in a situation where an internal problem has got beyond the capacity of the government concerned? The mere fact that the nations are preoccupied with internal problems and questions of sovereignty in the foreseeable future does not excuse us from making the best possible use of the instrument we have, the United Nations.

It can and should move promptly and effectively, as it has often done, to ameliorate human suffering and protect, to the extent possible, the innocent non-combatants who often bear most of the suffering. This is a noble end in itself, and can be a means toward the settlement of a conflict by creating a better and a saner atmosphere.

No move in the direction of universality can in itself offer any great hope for easier solutions to the problems that are troubling our world, but it could offer a strengthening of our organization that should help us come to grips with them.

Turning to the second great universal problem, how to preserve a natural environment that will continue to support life on earth, the United Nations has recognized its global nature by setting up a conference on the environment to be held in Stockholm next year, with a distinguished Canadian public servant, Maurice Strong, as secretary-general.

Canada has a special interest in environmental questions if only because we occupy such a large part of the earth's surface. Despite its vast extent and relatively small population, Canada has serious air- and water-pollution problems of its own. It also, inevitably, is a recipient of the pollution of other through the Great Lakes system and oil-spills on its coast-lines, to name only two examples. This is why Canada is concerned about the inadequacy of existing international law relating to the preservation of the environment in general and the marine environment in particular.

Canada is working toward the development of an adequate body of law in this field. At the national level, the Canadian Government has adopted laws for the protection of fisheries from the discharge or deposit of wastes, for the prevention of pollution disasters in Canada's territorial waters and fishing zones, and for the preservation of the delicate ecological balance of the Arctic. At the twenty-fifth General Assembly, and last month in a resolution jointly submitted with Norway to the preparatory committee for the Third Law of the Sea Conference, Canada invited other states to take similar measures at the national level to prevent and control marine pollution as a move toward the development of effective international arrangements.

Canada is working towards a multilateral treaty régime on safety of navigation and the prevention of pollution in Arctic waters with other countries having special responsibilities in the Arctic region.

In a wider multilateral context, Canada is participating actively in the preparations for the Stockholm Conference on the Human Environment, the IMCO conference on marine pollution and the Third Law of the Sea Conference. These three conferences, taken together, present a unique opportunity for the development of a comprehensive system of international environmental law. As the first and widest-ranging of the three, the Stockholm conference will be of particular importance in helping states to come to grips with the apparent conflict between environmental preservation on the one hand and economic development on the other.

Canada is properly classed as a developed nation, but is still in the course of development, still importing capital and know-how, still engaged in building its industrial base. This makes Canadians aware of the conflict between the need to develop -- essential to economic growth -- and the need to preserve, and where necessary recapture, a viable natural environment -- essential to the survival of life.

For this reason Canada has a special understanding of the dilemma seen by the developing nations, where the highest priority must be given to economic and social development as the means to achieve a standard of living

that will offer dignity and opportunity to all their citizens and where the preservation of the physical environment, however desirable in itself, would seem to come second. But I would suggest that this dilemma is wrongly posed.

Technology has now reached a stage where the industrialization needed for economic development need not disturb the environment to an unacceptable extent, and it is by no means the rule that an ecologically-sound industrial or other project must be more costly than one that is not. With far-sighted planning and careful attention to design and ecological considerations, there need be little or no added cost. The pollution befouling the Great Lakes system largely results from wasted opportunities, from dumping into the water by-products that in themselves have value if properly recovered. The Canadian Government is working with the governments of the United States of America and of the American states and Canadian provinces bordering on the Great Lakes system to establish water-quality standards, achieve them in the shortest possible time and see to it that they are maintained.

The discussions now going on between the various levels of government of Canada and the United States will set in motion a program for the rehabilitation and preservation of the Great Lakes which will cost billions of dollars and call upon vast human and technological resources. These astronomical expenses would not have been incurred had we and our neighbours been able to foresee and forestall the damage we have done to the largest fresh-water system on earth.

I urge my friends in the developing nations to balance the costs of anti-pollution measures against the cost of pollution and the mindless waste of limited resources it so often represents. Everyone in this room is looking and working for the day when the prosperity now enjoyed by the few can be shared by all. Economic and social development is the route to prosperity. We should all take advantage of the fact that advances in technology mean that we can follow this route without poisoning the air we breathe, the water we drink and the soil that gives us sustenance, without disturbing the ecological balance that supports all life.

My third illustration of the universality of human problems is the whole field of arms control and disarmament. Canada firmly believes that until the People's Republic of China is playing its part in our deliberations here and in the detailed studies and negotiations being carried on in the Conference of the Committee on Disarmament in Geneva, agreements in this important area will be at best incomplete and at worst ineffective. This is not to downgrade the excellent work that has already been done, as evidenced by such achievements as the Non-Proliferation Treaty, the Seabed Arms-Control Treaty and the current work on a biological-weapons treaty, in all of which Canada has had an active and essential part to play. Nor does it make any less welcome the encouraging and fundamental negotiations now taking place between the United States and the Soviet Union to curtail the strategic-arms race.

Earlier this month in Geneva, I had the privilege of addressing the fourth United Nations Conference on the Peaceful Uses of Atomic Energy.

I took advantage of my being in Geneva to speak to the Conference of the Committee on Disarmament about a subject to which Canada attaches the greatest importance: the need for a complete ban on nuclear testing, including underground testing.

This Assembly will soon be seized of the CCD special report on nuclear testing, and for this reason I should like to make again here some of the points I made in Geneva. Before a complete test-ban can be achieved there are political as well as technical difficulties to be overcome. Canada is not alone in believing that these very difficulties call for a determined and speedy effort to reach a total ban on underground nuclear testing. There are steps which could be taken at once, before international agreement is reached, steps we believe all members of the United Nations would support. Those governments that are conducting nuclear tests could limit both the size and the number of tests they are now carrying out, starting with the biggest, and announce such restraints publicly. This would present no difficulty or involve any complication.

There is little time left to us to ensure that the Non-Proliferation Treaty becomes fully effective. All the measures needed to make the Non-Proliferation Treaty viable should receive the highest priority, and the ending of all nuclear tests must come first. Many governments are anxious to see all obstacles to the full implementation of the Non-Proliferation Treaty removed, before the precarious equilibrium among the nuclear-weapons powers is further disturbed -- whether it is by ongoing scientific and technical developments or by the emergence of new nuclear powers. Canada is at one with those governments, in their concern and in their determination.

The continuation of nuclear-weapons tests is at the root of the problem. The ending of all nuclear tests by all governments in all environments is of the greatest possible importance, for Canada and for the whole international community.

The safety of all is the concern of all. For Canada there is, if possible, an additional concern. The detonation by the Soviet Union in the last few days of a large underground nuclear explosion, and the possibility of a considerably larger test in our own neighbourhood by the United States, emphasize that the rate and size of underground testing is on the increase. Competitive testing must not be advanced by the nuclear powers as a justification for maintaining the momentum of the arms race. The danger is that it will, and this brings home to us all the urgent need for a complete ban on nuclear testing.

Turning now to my fourth illustration of the universality of problems today I suggest that there is no part of the world and no country that is unaffected by the difficulties now being experienced in the monetary and trading arrangements arising out of the chronic balance-of-payments deficit of the United States. Developing countries are well aware that problems between the fortunate few are of great importance to them. They are affected directly in two ways, by the adverse effect upon development assistance and by increased barriers to the trade that, in the long run, offers the best possibility of economic betterment for their peoples.

Socialist economies are steadily increasing their trade with market economies, to the benefit of all. As exchanges in the fields of science and technology multiply the economies of all the world's nations become more interdependent -- a trend that should be welcomed not only for the immediate benefit it brings but as a proven means of reducing tensions.

The truth is that all of us, rich or poor, developed and developing, with socialist or market economies, have an interest in minimizing obstacles to trade and in facilitating trade by the maintenance of a workable system of monetary exchanges. All of us suffer when trade is impeded by setting up new obstacles to its free flow or by instability in world monetary arrangements.

Trade is more than a matter of dollars and cents, more than a struggle for economic advantage. It is the only means we have to create a world economy that will support all the world's inhabitants at a level that will enable us all to enjoy the social justice that is our birthright and to achieve fulfilment in peace and dignity.

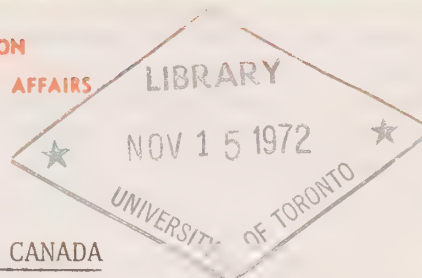
It is to this end that so much of the best work of the United Nations family has been directed in the past and it is this great goal which must continue to call forth all that is best in us for the future.

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No. 71/26

THE CHANGING WORLD VIEWED FROM CANADA

An Address by the Secretary of State
for External Affairs, the Honourable
Mitchell Sharp, to the Order of the
Sons of Italy, Toronto, November 6, 1971.

...Things have been happening quickly here at home in Canada, and in the world as a whole, and it is this rapid rate of change that contributes much to current unrest. Many of the assumptions we made in the past have to be re-examined. The accepted patterns have been broken. Canada recognizes the People's Republic of China. Other nations, some of them among our oldest friends like Italy, follow. Peking takes the China seat at the United Nations. President Nixon announces a new economic policy and shock waves are felt around the world -- nowhere more than in Canada, the United States' best customer and closest friend and ally.

Within six months, the Prime Ministers of the Soviet Union and Canada pay extended visits to each other's countries, a Protocol on Consultations is signed in Moscow and a General Exchanges Agreement in Ottawa. Britain moves towards the European Common Market. The whole pattern of world trade, so essential to Canadian prosperity, seems to be changing. Signs of hope for an end to hostilities in Indochina are offset by a growing confrontation between India and Pakistan.

All of this and much more within the space of a relatively few months.

Small wonder that there are uncertainties as to the future and the course that Canada should follow both at home and abroad.

First and foremost, I am sure you will agree, is the question of how to protect and strengthen the Canadian economy in this complex situation, and on that point I shall say only two simple things.

First, we are not going to strengthen our economy by anti-American policies. It is our destiny and our good fortune to share the North American continent with the richest nation on the earth's surface. It makes good sense to exploit that advantage for all it is worth. It makes good sense to work with the United States for our mutual benefit.

The second point is that in our economic policies we should strive to avoid unnecessary dependence upon the United States by promoting trade and financial links with the rest of the world. This is not anti-American in any sense. It is traditional Canadian policy, which is becoming more and more relevant as Europe and Japan, for example, challenge the predominant position of the United States as an economic power and the Soviet Union looks outward for trade with the non-Communist world.

The effort to diversify lies behind the Prime Minister's visits to the nations of Asia and the Pacific (and our transpacific trade is multiplying apace), behind the constant consultations my colleagues and I are having with European governments and the European Economic Commission, behind the exchange of visits between our Prime Minister and Mr. Kosygin. None of these activities is anti-American in intention or effect. They are in pursuit of Canada's best interests. The economies of Canada and the United States are interdependent to an extent unequalled and unprecedented. It would be to the interest of neither nation were Canada to become an economic satellite of the United States.

I have dealt with Canada's economic interests first, since they represent solid realities that touch us all, that we can identify and measure in dollars and percentages. But Canada would be a poor country and I certainly would not be the Canadian Foreign Minister if we saw ourselves as no more than a business enterprise....

North of the Rio Grande, this continent is shared by the people of Canada and the people of the United States. Canadians and Americans are proud peoples. They cherish their independence of each other, and the particular traditions and differing institutions that give independence meaning.

As we cherish our differences, even more we cherish the shared ideas and goals that unite us. This simple but profound fact overshadows the constant conflicts of interest that arise between us. Conflict is a function of contact. Canada has very little in the way of conflict with Mongolia; our relations with that country might be regarded as a model for all nations if we were to overlook the fact that our contact with the people of Mongolia is almost non-existent. Should changing circumstances bring us into close contact with Mongolia, I can guarantee you some pretty good conflicts of interest within a very short time. No two nations in the world have so many contacts at so many levels, official and unofficial, as Canada and the United States. Essentially, these contacts serve the common interest but, no matter how busy Secretary Rogers and I are with the oilcan, constant contact leads to constant friction and the generation of frequent heated exchanges.

In a recent far-reaching statement on Canadian foreign policy, the Government had two things to say about our relations with the United States -- that the United States is our closest friend and ally and will remain so (this I have discussed with you), and that the central problem for Canada is how to live in harmony with, but distinct from, the most powerful and dynamic society on earth.

For a generation, and until very recently, the world was locked in a sterile East-West confrontation, with China obsessed with its own internal difficulties and playing little part on the world stage, the nations of the third world engaged in a life-and-death struggle for survival.

Suddenly, Peking sits on the Security Council. President Nixon prepares to visit the two great Communist capitals, Moscow and Peking. The Soviet Union accepts a better arrangement between the two Germanies, responds after years of inaction to NATO urging for balanced force reductions in Central Europe, promotes a European security conference, engages in strategic-arms limitations talks with the United States, calls for a world conference on disarmament.

I cannot discuss all of these developments with you tonight, nor can anyone, I believe, be sure what they all mean for the peace of the world and the well-being of all men.

What is clear is that power relationships frozen for a quarter of a century are in the process of change and that trading patterns and monetary arrangements laboriously established are in flux. In these new and perhaps unsettling but at least hopeful circumstances, Canada is determined to preserve its sovereignty and its independence while, at the same time, refusing to remain locked in cold-war attitudes that have lost at least a part of their meaning and their importance. Canada welcomes the human face being shown by nations like the Soviet Union and China. Past history should not be forgotten but it should not be allowed to impede careful, prudent movement toward a saner and safer world equilibrium.

One thing seems to be clear -- that the emergence of China on the world scene and the presence of China in the Security Council will make it more difficult for the United States and the Soviet Union to settle matters between themselves. Only time will tell whether this is a healthy development in international relations. Although it will certainly have the effect of making the settlement of issues more difficult to achieve, settlements once reached may well prove to be more effective and more enduring.

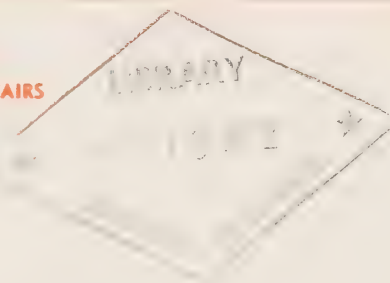
In my remarks this evening, I have travelled a long way from this hall and from our reasons for being here. I have tried to show you a little of the changing world as Canada sees it. I hope I have given you some food for thought. Without further ado, I offer to all of you in this room and to all Canadians of Italian descent my thanks for all you have contributed to Canada and the Canadian way of life. I salute you all on this day of Christopher Columbus and so -- on with the dance!



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No. 71/27

RELIEF FOR PAKISTANI REFUGEES IN INDIA

A Statement in the House of Commons on November 17, 1971,
by the Secretary of State for External Affairs, the
Honourable Mitchell Sharp.

Canada has shown its deep concern for the plight of the Pakistani refugees in India by the contributions made by the Federal Government, provincial governments and voluntary agencies for their relief in the last few months. We have been concerned not only for the refugees themselves but for the Government of India, upon whom the burden of responsibility for relief falls. It is difficult for anyone to come to grips with the dimensions and complexity of the problems caused by the greatest mass movement of mankind in modern history. These problems have both human and political aspects; it is to the human aspect that I am now addressing myself.

The response of the Indian Government and the people has been magnificent and their efforts to ensure that relief supplies and materials are provided and effectively distributed are beyond praise. India has had to bear a disproportionate share of the burden. The United Nations High Commissioner for Refugees, through whom all United Nations assistance is being co-ordinated, has appealed for further contributions from the international community to meet this great humanitarian need.

To date, the nations of the world have provided approximately \$240 million through multilateral and bilateral channels for refugee relief in India. Some \$125 million of this amount has been pledged through the United Nations system. This amount has proved inadequate to support the massive relief program that is required and to mitigate its adverse effects on the development program of India. Without additional assistance, many of the significant developmental achievements which have been made over the past two and a half decades will be jeopardized and, unless renewed efforts to share the burden are undertaken by the international community, the presence of large numbers of refugees will continue to aggravate political tensions in the subcontinent.

In response to the High Commissioner for Refugees' new appeal and following the recent visit to the subcontinent of a team led by Mr. Gérin-Lajoie, the President of the Canadian International Development Agency, the Government has decided that substantial additional contributions must be made available.

To date, the Canadian contribution from governmental and non-governmental sources for refugees in India amounts to \$6.6 million. Of this sum, \$4.3 million has been provided by the Federal Government, \$370,000 by the provinces, and \$1.9 million by voluntary agencies and the Combined Appeal for Pakistani Relief. It is the Government's intention to supplement these contributions by an amount of \$18 million, seeking the authority and funds from Parliament. This will bring the Canadian Government's total contribution for the relief of refugees in India to \$22 million, coincidentally representing approximately one dollar for every Canadian. Members of the House will be interested to know that Mr. Gérin-Lajoie will be making a statement to this effect on behalf of Canada at the United Nations tomorrow.

In addition to the funds provided for refugees in India, Canada has contributed \$7 million food aid through the World Food Program for the relief of suffering in East Pakistan and provided to the United Nations \$500,000 to help defray the cost of United Nations relief operations there.

The new funds to be provided will be applied in accordance with the needs and priorities as seen by the Government of India, the United Nations, and the CIDA fact-finding team. A part of the funds will be devoted to direct humanitarian relief through the United Nations High Commissioner for Refugees. Part will be directed through Canadian voluntary agencies' contributions to relief operations in India. Part will be provided to the Government of India in the form of goods and services.

Different forms of assistance are required. In our view, and that of the Government of India, one appropriate kind of assistance would be debt relief to ease the burden on the Indian economy. The Aid to India Consortium, meeting on October 26, discussed this particular form of aid. To be effective, such relief requires the concerted efforts and co-operation of other major donors, and Canada is ready to meet other donors to discuss this question.

Continued, increased and effective aid is a question of the greatest urgency. It will help to alleviate the suffering of those caught up in this human tragedy. Dealing with this aspect of the problem can also help to reduce tension. But it does not offer any solution to the underlying problem. A political solution must be found which will allow the refugees to return to a secure and democratic society in East Pakistan. I regret that at the moment I see little hope of an early resolution of the problem. Canada once again joins with other nations in urging upon the Governments of India and Pakistan restraint and forbearance in the face of the grave difficulties that must be overcome before a lasting settlement can be achieved.

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No. 71/28

A FRENCH COMMUNITY IN AMERICA

Remarks by Prime Minister Pierre Elliott Trudeau
to the Opening Session of the General Conference
of the Agency for Cultural and Technical Co-operation,
Ottawa, October 11, 1971.

It is a great honour for Canada to welcome the representatives of so many countries who have come from almost every continent to be here today. This great assembly constitutes in a way a mirror of the world, and we find in its decision to meet here, in this still-growing country of the New World, a source of profound joy and pride.

Almost four centuries have passed since the first French presence on this soil. In all that time, despite many difficulties and despite the ubiquity of the English language in North America, the French "fact" has survived and the French language has been spoken and jealously preserved here. Not only has it survived but, as you will find on your travels in this country (particularly in Quebec), it is sung and celebrated.

We all know of the community of spirit that binds the French-speaking peoples of the world together, but you will appreciate how deeply we are moved to see them assembled here in a common resolve. It is as if the permanence of French Canada were being acknowledged in every corner of the world.

Not only does this General Conference of the Agency for Cultural and Technical Co-operation hold a very special importance and significance for Canada, it is also a major turning-point in the life of the Agency.

In less than two years, it has grown so rapidly that we can already see the international stature of its influence abroad in the world. A noble idea has taken concrete form to serve the common good of peoples. The Agency is one of those all-too-rare institutions that enable different continents, races and cultures to make common cause. Its function in the world is one of co-operation, exchange and development.

Now that it has acquired permanence, your deliberations this week will endow it with maturity, and you will then be able to initiate the various kinds of activity that will occupy its future. Cultural promotion, mass education using the latest teaching techniques, the training of technologists and administrators, the dissemination of scientific and technological

information -- all these things are possibilities, and all are bound to do nothing but good for all members of the Agency.

The instrument we have at our disposal, in the form of the Agency, is a product of modern thinking; what our governments expect from it is a receptive attitude towards change in the world, the social and cultural integration of the most daring creations of science and technology, and other no-less-important contributions. Our co-operation is inspired not by nostalgia but by a desire for progress. *La Francophonie* is not a memory but a vision.

With substantial resources at its disposal, and with a growing understanding of what its functions are, the Agency is clearly the prime instrument of our co-operation and the broadest and most solemn expression of our common desire to work together. This Conference will no doubt give a fresh impetus to its efforts to discharge the mission our governments have entrusted to it, and increase its capacity to co-ordinate multilateral activities of member countries.

The Agency is dedicated to dialogue and the free exchange of ideas. It is not a cultural melting-pot. Its intention is that each culture should both intensify and share its peculiar strengths through genuine and mutually-enriching exchanges. As their originality and richness are thus increased, different cultures inevitably produce echoes despite the barriers of diversity and distance, and men of all backgrounds and regions come together in recognition of their common human condition.

Such is the spirit that gives vitality to our association, and it is nothing if not constructive. "Continuing cultural dialogue", "promotion and growth of national cultures", "mutual understanding", respect for "the individual characteristics" of each member -- these are the Agency's fundamental ideas and objectives, expressed in the very words of its Agreement and Charter.

Let me point out here how very close this is to the Canadian ideal -- the achievement of solidarity through the fostering of diversities. Canada, your host, fully shares your aspirations. Its representation bears witness to its desire to bring together in the community of the French language all the resources and men of goodwill seeking that means of expression.

The French "fact", which is in full flower in Quebec, also has roots in several other Canadian provinces. Ontario has more than half a million French-speaking citizens; in New Brunswick, nearly 50 per cent of the population is French-speaking, and a substantial French minority in Manitoba is making its voice heard more and more vigorously. This is why the governments of Quebec, New Brunswick, Ontario and Manitoba have been participating with us for years in the co-operative effort that led to the creation of the Agency, and continue to have the broadest possible access to it. They all took part in its founding Conference and participated in Canada's signing of the Agreement, as well as in the first meeting of the General Conference.

The Conference gave its consent to this manner of proceeding; the Charter made provision for participation by these governments in the Agency's institutions, programs and various forms of activity, subject to the approval

of the Government of Canada and in accordance with the procedures that Canada would jointly define with them.

Accordingly, the governments of Canada and Quebec have established the terms and conditions whereby the government of Quebec is now a "government participating in the institutions, activities and programs of the Agency".

Through its resources and the interest it has shown in the Agency, the government of Quebec has made a special contribution to our effort. Henceforth it will be in an even better position to continue and broaden its assistance. Indeed, this is the point we wished to make by proposing that a portion of your work be carried out in Quebec, the cradle of French civilization in America.

There is a place for a French community in America. If this were not so, why would the French "fact" have persisted here? Why would the Government of Canada have recognized French as one of its two official languages? Why would Canadians look upon it as a factor in their identity, a guarantee of their independence and therefore an essential heritage for each and every one, whatever his culture and his language?

By holding its first full, regular meeting in Canada, the Agency, and the French-speaking communities of Europe, Africa and Asia, acknowledge once and for all that they have both a future and a partner in America.

The word *Francophonie* describes to perfection the bond that unites us -- a common language, French. Because of it, the obstacles normally raised by so many differences in culture, temperament and attitude are easily overcome, even swept aside. We can all communicate directly without having our exchanges distorted and our thoughts watered down -- as inevitably occurs when an interpreter is required. For each of us, our words are meaningful human expression. Nothing is more enviable than such ease of communication between statesmen and between senior officials in a world where peace and harmony are increasingly dependent on our ability to understand one another.

New programs, designed to further our common objectives, will undoubtedly result from your discussions. The countries represented here will again have an opportunity to appreciate the inestimable value of concerted effort. At the same time, the quality and importance of your work, your projects and your achievements will, I am sure, impress upon the other French-speaking countries that have yet to join our association not only the usefulness and dynamism but also the apolitical nature of the Agency. Perhaps in this way these countries will be prompted to join us sooner or later. If such should be the case, I believe that I speak for this Conference when I say that they would find generosity, open-mindedness and good fellowship in our company.

Ladies and gentlemen, I extend to you the warmest and most friendly of welcomes, and hope that your discussions will bear fruit.



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No. 71/29

CANADA ASSESSES THE BRITISH SETTLEMENT WITH RHODESIA

Statement by the Secretary of State
for External Affairs, the Honourable
Mitchell Sharp, in the House of Commons,
on December 1, 1971.

On November 24, the British Government announced proposals for settlement of the constitutional position of Rhodesia.

By now, Members will be familiar with the main features of these proposals, which include provisions on the franchise and the composition of the legislature designed to give an increasing political voice to Africans, provisions intended to reduce racial discrimination, including a justiciable declaration of rights, a large development program, and a test of acceptability to be conducted by a commission appointed by the British Government.

* * * *

From the beginning, Canada has held that the solution in Rhodesia should be a constitution providing for the rapid election of a government broadly representative of the Rhodesian people, of whom the overwhelming majority are black. The constitutional arrangements which have been announced fall short of this objective. The period for the transition to majority rule is not specified and the means for achieving it are highly complicated. Given the past experience with complicated constitutional provisions in Rhodesia and in various other parts of the world, there is inevitably concern as to how these arrangements will be implemented. Much will depend on the goodwill and co-operation of all concerned -- qualities not always evident in recent years in the conduct of the Rhodesian régime.

When I visited Africa last March, I was struck by the fact that two great contemporary dramas were being played out on that continent. Southern Africa is the scene of one of the most crucial chapters in the world-wide search for racial equality and human dignity, and the scene of the final stages in the liquidation of the European colonial empires.

Both of these themes are found in Rhodesia. In seeking to provide equitable arrangements for Rhodesian independence, Britain has had to face the fact that the white minority is at the present time unwilling to yield power to the black majority, and that British capacity to influence the situation

is very limited. Even mandatory United Nations sanctions have not been sufficient to produce this transfer of power. The only alternative means for bringing about a radical change would have been the use of force, a course of action which has been judged unacceptable by successive British Governments. Mr. Godber, the British Minister of State for Foreign and Commonwealth Affairs, whom I saw on November 27, gave me to understand that, in the stalemate which has resulted, such factors as the political stagnation for the Rhodesian Africans, the drift towards *apartheid*, the isolation of all Rhodesians from the outside world, and the distortion of Rhodesian economic and social development had led the British authorities to believe that there were serious disadvantages to the perpetuation of the *status quo*. These were among the considerations behind the decision of the British Government to make these proposals, which they hope may establish a new point of departure for Rhodesia's political development.

We expect that there will be strong misgivings on the part of many African governments over the proposals. It is entirely understandable that they should wish all Africans in Rhodesia to have the same advantages which they themselves have obtained through independence on the basis of majority rule. Canada is completely in accord with the desire of Africans to achieve the abolition of all forms of racial discrimination throughout Africa and the realization of full political rights for all African peoples, a desire we and they have repeatedly expressed in the United Nations and at Commonwealth meetings.

The Commonwealth has not been successful in its attempts to solve the Rhodesian problem. In my view, this does not mean that the Commonwealth should be considered of lessening importance. In its brief existence as a multi-racial association, it has contributed greatly to the adjustments required by the accession to independence of its members from Asia, Africa and the Caribbean. Canada is confident that the Commonwealth can continue to perform a vital role in the Seventies.

The proposals envisage seeking the views of the people of Rhodesia. It is entirely right that this should be so. This is obviously a vital element in the achievement of any settlement. The provision for a commission appointed by Britain represents a serious attempt to test the opinion of Rhodesian Africans. Nevertheless, there are inherent complications. The vast majority of the people have been given little opportunity in the past to express their political will, certainly not on complicated constitutional questions. There are definite physical limitations on the ability of the commission to consult everyone. Another cause of concern is the state of emergency which apparently will prevail during the commission's deliberations. African nationalist parties (such as have come to power elsewhere), notably ZAPU and ZANU, will, it appears, continue to be unable to operate, and their leaders will be prevented from influencing public opinion during the consultations.

I am sure that I speak for all Members of this House when I say that we hope that, notwithstanding these limitations, the commission will be able to ascertain the views of the Rhodesian people, and in particular the African

population, as to the acceptability to them of the proposed agreement. I feel confident that men of the integrity of those nominated to be chairman and vice-chairmen will report not only the views they hear but also on the adequacy of the procedures for ascertaining those views.

As Canadians we may view the proposals as falling short of what is desirable but we cannot substitute our judgment for the judgment of the Rhodesian people themselves as to whether they prefer to go on as at present or to accept the settlement that has been proposed.

Whatever happens, Canada will not cease to be concerned with the attainment of full democracy and social justice in Rhodesia.

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No. 72/1

REVIEW OF CANADA'S ECONOMY IN 1971 AND OUTLOOK FOR 1972

By the Honourable Jean-Luc Pepin,
Minister of Industry, Trade and Commerce

Performance of Major Indicators in 1971

Canada's economy has moved forward more strongly in 1971 following a phase of slower growth in 1969 and 1970. National output rose by about 6 per cent, compared to increases of 3 per cent in 1970 and 5 per cent in 1969. This is a faster rate of growth than is expected this year in any of the industrial countries of the Western world, including Japan. Stronger growth in production and sales has been reflected in the labour market and the employment trend has strengthened notably. Nonetheless, some slack has persisted in certain industries and regions and unemployment has continued at unacceptably high levels. The achievement of strong and sustained growth sufficient to reduce unemployment and take up the slack in the economy is the primary aim of Government economic policy at this time.

The increase in Canadian prices in 1971 was again the lowest among the major industrial countries, with the broadest measure of price movements, the GNP price deflator, showing an increase of 3.2 per cent. While the average price rise for the year was relatively moderate, there has been a stronger upward tendency for much of 1971 after the visible slowing of price increases during the preceding year. There has been little indication of deceleration in unit labour costs as average wage-rate increases continued to exceed gains in productivity by a wide margin. In the movement toward higher levels of activity and fuller utilization of resources during the months ahead, upward pressure on prices is likely to remain a matter of serious concern.

There has been an encouraging rise in new job opportunities as the economy gathered renewed momentum. Employment for the year rose more than $2\frac{1}{2}$ per cent, which was twice the rate of increase in 1970. Moreover, employment trends have continued to strengthen as the year progressed and the number with jobs was moving up at an annual rate of 3 per cent in the final quarter. The Canadian labour force in 1971 has grown very rapidly, to a major extent because the youths of the postwar "baby boom" are now entering the labour market at full flood. The increase in jobs, large as it has been, has not been sufficient to reduce unemployment, and the seasonally-adjusted rate of unemployment was about $6\frac{1}{2}$ per cent in the final quarter of 1971.

Strengthening of the Canadian economy in 1971 has taken place under conditions of considerable uncertainty in world trading and financial markets. The economic program announced by President Nixon on August 15 to stimulate domestic growth and redress the persistent U.S. payments imbalance created major difficulties for Canadian industries affected by the new restrictions and added greatly to uncertainty throughout the business world. The adverse effects of the U.S. measures on Canadian industry were mitigated by prompt ameliorative actions, including the enactment and implementation of the Employment Support Act. Then, in December, the Group of Ten reached agreement on the broad lines of a currency realignment designed to restore better underlying balance to international payments, together with the immediate elimination of the U.S. "temporary" restrictions. While other trade issues have still to be resolved, the December arrangements have done much to lift the veil of apprehension which had enveloped the world business community and should open the way to more vigorous economic advances in North American economies and throughout the world.

Major Demand Strengths

The main source of strength in the national economy in 1971 has been the renewed advance of consumer spending, reinforced by a vigorous upsurge in residential building. Higher consumer spending has been spurred by strengthening in personal income and greater availability of consumer credit. The improvement in personal income has been widely based. Gains in employment and continuing large increases in wage-rates have combined to strengthen labour income. Non-wage earnings have also shown improvement -- corporation profits which declined in 1970 have turned upward and there have been increases in farm and other business sectors. *Per capita* disposable income in real terms has risen significantly, exceeding the small increase of the previous year.

Spending on consumer durables made the most impressive gain in recent years. The increase was at least 15 per cent in value terms following a pronounced weakening, a decline of $5\frac{1}{2}$ per cent, last year. A substantial rise in auto sales was a principal factor. New car sales exceeded last year's level by a wide margin, in both years a sizeable proportion of the market being captured by imported overseas models. In addition, there have been major increases in purchases of home appliances and recreational equipment. Trends in purchases of non-durable goods and services have also shown improvement, though less dramatically than in the case of durables.

The year 1971 was a buoyant one for housing. An estimated 235,000 new homes were started, well above last year's total of 191,000 and the previous record of 210,000 in 1969. Continued strong expansion in residential construction has been encouraged by greater availability of mortgage credit and by the provision of additional loan funds by the Federal Government during the course of the year.

Foreign Trade

External trade has provided less stimulus to the Canadian economy in 1971 than in the preceding year. Canada's exports rose 5 per cent in 1971, following an increase of 13 per cent in the preceding year. Meanwhile, stronger demand conditions in Canada brought a sharp resurgence in imports, which were 12 percent higher than in 1970. The sharper rise in imports than in exports has reduced Canada's merchandise-trade surplus from the 1970 record high of \$3 billion to something in excess of \$2 billion. Canada's balance on all current transactions will still show a surplus for calendar year 1971, though small compared with the \$1.1-billion figure realized in 1970.

Canada's sales to the United States, which account for more than two-thirds of total exports, were up 11 per cent, a substantial gain after only a marginal increase in the previous year. This strengthening hinged in considerable part on the recovery in the U.S. economy. It reflected, in particular, a higher level of automotive exports with the boost in transborder shipments of automotive goods that followed settlement of the General Motors strike late in 1970. Large increases have occurred also in exports to the United States of rolling-mill products, petroleum, natural gas, fertilizers, chemicals and lumber.

The trend of sales to overseas markets has moderated in 1971 following the unusually sharp gains of the preceding year. The pace of economic expansion has fallen off in several industrial countries, the result in some measure of policies aimed at containing serious inflationary trends in wages and prices. Uncertainties created for international business by the floating of major currencies, and the new United States economic program has also had a dampening effect on sales. Principal overseas markets for Canadian products which have experienced a slowing in growth include Britain, West Germany, Italy, Sweden, Belgium and the Netherlands, as well as Japan. In some of these countries stocks were being reduced during 1971, particularly in the case of metals such as nickel, copper, aluminum and iron ore, which had been acquired in exceptional volume in the previous year. Exports to state-trading countries were somewhat higher than in 1970, largely as a result of increased grain deliveries under major contract agreements with the U.S.S.R. and China. Apart from state-trading countries, exports to overseas markets declined in 1971.

Industry Conditions

Industrial production has increased moderately, supported by a growing improvement in manufacturing. The auto industry has returned to a high output level following the strike in late 1970 and sparked by stronger North American consumer markets. Increased consumer spending also has contributed to important gains in production of household appliances and recreational equipment. Several non-durable industries have shown strengthening trends, including foods, textiles, knitted goods, chemicals and petroleum products. Principal primary metal, machinery and industrial equipment industries have remained close to their 1970 production levels, with little

indication of an early return to a strongly upward trend. Aircraft and parts manufacture has continued the fairly sharp decline evident in the previous two years.

Mining activity has increased further, though more slowly than in 1970, with the largest gains in crude petroleum, natural gas and coal. Metal mining has increased only slightly, after a very strong rise in 1970. Demand for the major metals has been sluggish, with reduced prices, leading to curtailment of operations by several companies. In the forestry sector the highlight has been the marked upswing in lumber and plywood output in response primarily to the upsurge in residential construction. On the other hand, the pulp-and-paper industry has continued relatively slack, its output lagging behind for the second consecutive year. Although more adversely affected than most pulp-and-paper products, the newsprint industry appears to have picked up moderately toward the end of the year, after operating well below capacity for a considerable period.

Service-producing industries have shown somewhat faster growth than last year. The strongest rise has been achieved in the distributive trades, which, of course, have benefited from the strong stimulus to consumer spending. Community, business, financial, and personal services, and public administration have again moved moderately higher.

Prospects for 1972

Underpinning economic prospects for 1972 is the continuing strength of consumer demand supported by the sustained rise of personal incomes and reinforced by reductions in personal taxes. Additional stimulus will come from the new programs announced by the Minister of Finance in October, providing increased funds for capital purposes and for housing. While a further sharp increase in housing starts is unlikely, the high level of starts in the current year has resulted in a record carry-over of uncompleted houses, ensuring a high rate of completions in the months ahead.

An October survey of capital-spending intentions of large companies indicated an anticipated increase in outlays of 3 per cent in 1972, following upon an increase by those same firms of 10 per cent in 1971. However, since the survey was made, spending plans have probably been bolstered by the stimulative measures contained in the October budget, including a lower corporate-tax rate, by the current uptrend in profits generally and by the salutary effects on the business climate arising from the Group of Ten agreements in December. Thus total private and public investment is likely to be a significant source of growth stimulus in the coming year.

Canada's export prospects for 1972 are buttressed by an expanding U.S. economy, which has been given new impetus by the competitive lift arising from realignment of world currencies. At the same time, the present high exchange-rate applicable to the Canadian dollar relative to the U.S. dollar will make it more difficult for Canadian exporters to maintain their share of the expanding U.S. market.

A slower tempo of business activity in some other major industrial countries may continue for a time to exert a dampening effect on Canadian sales to overseas markets. On the other hand, a more favourable exchange-rate with major overseas customers opens up new opportunities for the alert and enterprising exporter.

To help Canadian exporters penetrate new foreign markets, the Department of Industry, Trade and Commerce has initiated a program which provides for Government funding of half of new-market development costs. Successful exporters are required to pay back the Government contribution at 1 per cent of the value of sales to the new market.

Meanwhile imports are likely to continue to rise sharply, in line with mounting demands in the domestic market. Even a vigorous and sustained effort may not prevent some further diminution in Canada's balance in trade and other current transactions.

The effects in general of these demand influences, together with an improving international environment, provide grounds for optimism concerning the pace of economic advance in Canada during the coming year. As always, much will depend on how Canadians respond to the challenges of the new year. As the economy moves to higher rates of expansion and fuller use of resources, special care will be needed to maintain a strong competitive stance in world markets and to guard against any renewal of the hazards of inflation. Given proper vigilance, Canadians can look forward to sustained improvement in economic conditions in the year ahead.

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STATEMENTS AND SPEECHES

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No. 72/2

CANADA IN THE WORLD COMMUNITY

An Address by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Women's Canadian Club, Toronto, January 14, 1972.

I am going to talk to you today about Canadian foreign policy and I am going to begin by posing a series of questions that as Foreign Minister I face every day.

How much independence can we have? How much should we have? How do we keep it? How do we use it? Why is it important to us? Let me begin with a bit of history in capsule form.

Canada came out of the Second World War in a favourable position -- economically successful, confident in itself, looking to a better world order to be hammered out at the United Nations. Soviet aggressiveness, particularly in Central Europe, and the onset of the Cold War brought rapid disillusionment. By the end of the Forties Canada had entered what might be called its "alliance" period. The cornerstones of our foreign policy were the Commonwealth, the United Nations, NATO and later NORAD, and our special relation with the United States. These were sensible relations, in a world divided into two power blocs, armed to the teeth and trapped in sterile confrontation.

The Fifties and early Sixties was a period of centralization, of coming together. Perhaps polarization is a better word. The so-called "free" nations clustered around the United States; the hegemony of the Soviet Union brought about a power cluster in Eastern Europe. China, though never a satellite, was more or less in the Soviet camp. At home, Canadian unity was not in question, although the more perceptive observers were beginning to warn of coming strains. In the last ten years or so we have lived in a period of decentralization. The "quiet revolution" of Quebec, in itself a positive and welcome development, has been distorted by the phenomenon of separatism and the aberration of violence. China has repudiated Soviet leadership and the nations of Eastern Europe are showing their individuality in small but significant ways.

In the Western World, the Commonwealth has become attenuated to the point where it can no longer be a cornerstone of policy although it remains a useful institution, particularly for its smaller members. The Third World is

no longer divided into spheres of influence by the white nations. In no sense a power bloc, it is nevertheless a force to be reckoned with.

The NATO alliance maintains its strength and solidarity but, as evidenced by the slow but encouraging progress toward an East-West conference on co-operation and security in Europe, it has changed direction from confrontation to negotiation.

In Europe, The Six making up the Common Market will soon be The Ten -- L'Europe des dix. British entry into the Common Market is a development of the greatest significance for world trade, for world power relations and, not least from our point of view, for Canada.

The United Nations is well along the road to universality, with the seating of Peking in the China seat in the Assembly and on the Security Council -- a development in which Canada had a useful part to play. Already, as a result, we are seeing a rejuvenation of interest in the organization, which had receded as a political force although continuing its essential work in the development of international law and the whole spectrum of social and economic relations.

This capsule history, this catalogue of change, cannot be comprehensive. It cannot, however, omit some reference to the astounding growth of Japan, now a major economic and political power with the capacity to become a major military power. The implications of this for Canada are far-reaching.

Key to all these changes is the slow but steady unfreezing of the Cold War. No longer huddled together in fear of catastrophe while the super-powers exchanged threats, the Eastern and Western nations are looking around and extending their contacts within their groupings and across the divide.

Last years' visits by the Prime Minister to the U.S.S.R. and by Premier Kosygin to Canada and the Protocol on Consultations signed in Moscow are the most dramatic evidence of Canada's contribution to the easing of East-West tensions. The *Ostpolitik* of Chancellor Willy Brandt of the Federal German Republic has enabled him, with the support of his NATO allies, to move dramatically toward a settlement of the status of Berlin, for a generation a stumbling-block in the search for East-West *détente*. It is now possible to envisage arrangements between the Federal German Republic and the German Democratic Republic that could enable both to join the United Nations, removing yet another cause of continuing tension.

The nations of the Third World -- the world of the former colonies and the developing countries -- no longer feel excluded by the fixations of the power blocs and are playing a larger part in world affairs. China, though publicly rejecting the super-power role, seems to be assuming a position of leadership of the Third World. The new Europe is destined to be an economic power comparable in strength to the United States or the U.S.S.R.

It is in this world of changing political, economic and military relations that Canada must find its place and hold it. It is in this world of change that one must attempt to answer the questions I posed at the beginning of these remarks: How much independence can we have? How much should we have? How do we keep it? How do we use it? Why is it important to us? In its series of papers on foreign policy, *Foreign Policy for Canadians*, the Government identified Canada's central problem as "how to live distinct from but in harmony with the greatest power on earth". On another page is to be found a truth of equal weight -- "the United States is our closest friend and ally, and will remain so". These two basic postulates of Canadian life must be the starting-point. Few nations of the world are interdependent to the extent that Canada and the United States are.

While in some ways we compete in economic terms, particularly for exports, there are underlying forces pushing us into becoming an economic unit. To agreements on automobiles and defence production and the special relations that arise out of the existence of pipelines for those essential fuels gas and oil, must be added the extent of American ownership, particularly in the resource industries. In all, trade across the border amounts to \$20 billion a year. The United States absorbs nearly two-thirds of our exports; we take about a quarter of theirs.

Socially and culturally we are akin -- perhaps too much so. Canada's cultural distinctions -- the flowering of the French culture and the inherent strength of other great cultures in the Canadian mosaic -- help to give us a certain particularity of national character. But we should be deceiving ourselves if we were to underestimate the pervasive social and cultural influence of the United States on our society, in both its French-speaking and English-speaking expressions. This is most clearly seen in what we now call the youth culture, where the preoccupations and predilections of American youth cross the border without need for visa or the harassments of tariff.

Canada must also take into account the preponderant position of the United States in the world. This is true of every country, even the Soviet Union and China, but we experience it in a unique way. Taking account does not suggest that we must always agree with the United States or follow. Whenever Canada sets out to do something in the world, the attitudes and intentions of the United States are factors that must be weighed. To suggest anything else would be irresponsible and unrealistic.

It is, perhaps, paradoxical that the paramount importance of our relations with the United States heightens rather than lowers the importance of our relations with others. In recent months a great part of my time and energy has been devoted to discussions with the European Economic Commission, the six member states that make up the Community and the British, who, with Ireland, Denmark and Norway, will bring The Six up to The Ten. I have been impressing on them Canada's continuing need for Europe in political, economic and cultural terms. Understanding of our position varies depending on whom you are talking to, but in the early stages of our discussions there was a certain unanimity of advice from Europe -- you are a North American country, the United States can look after you, sort out your problems with them.

President Nixon's new economic policy announced to a stunned world last August showed once and for all the fallacy of that proposition. As I made clear at the time, Canada understood the United States' problems and sympathized with their objectives. We even acknowledged the need for shock tactics. What we did not see then and do not see now was why the United States, in its search for necessary currency realignments, had to apply its sanctions against Canada.

Our dollar had been floating for more than a year and had moved upward by about 8 per cent to a position close to parity with the American dollar. We were not discriminating in any way against American imports. Indeed, we shared with the United States the disadvantages arising from undervalued foreign currencies.

In the event, the new monetary arrangements reached in Washington last month fully justified the position we had taken when the Group of Ten, the finance ministers of the world's greatest trading nations, agreed that the Canadian dollar should continue to float.

This was an excellent example of Canada acting vigorously, independently, yet responsibly in the defence of Canada's interests in relation to its great neighbour the United States.

So, too, it has demonstrated to the Europeans in a practical fashion what my colleagues the Ministers of Industry, Trade and Commerce and of Finance have been telling them, that, while Canada values its relation with the United States, it seeks to enlarge its contacts with the Old World as a means of promoting the unity and uniqueness of Canadian society in North America.

Entry of the British to the European Common Market will help immeasurably to fill some of the gaps in the Community's technology, and add 60 million consumers to the Market. They will also bring to the Council of Ministers their unrivalled political skill and knowledge of world affairs.

This is the first great factor that we must take into account when we look at the new Europe. The second is the network of trade relations the Common Market is building up. Sweden, Austria, Switzerland and Finland, countries that for one reason or another are unable or unwilling to join in a political sense, will have some form of associate membership. The same is true now of many of the countries around the Mediterranean. Former colonies of Britain in Africa and the Caribbean will, as is now the case with those of present members, have a similar relation.

What this means in total terms is that the Common Market, together with the countries associated with it, will encompass about 45 per cent of world trade. I ask you to think about that for a moment, and about what it means for Canada, a country that must export about 50 per cent of its total production.

So far, I have been dealing with Canada's traditional areas of interest, the United States and Western Europe. When this Government came to power in 1968, one of its early decisions was to undertake a fundamental review of Canada's foreign policy.

What came out of it was not so much a fundamental change in our policy as a reorientation of our thinking about Canada's place in the world and an enlargement of our world view. Canada's angle of vision, for historical reasons, has been across the Atlantic to Western Europe and southward to the United States. We decided that in these two directions we must extend our line of sight, eastward to the nations of Eastern Europe, southward to the countries of Latin America. We decided that we must look northward to our own Arctic and across the Pole to our northern neighbour the Soviet Union, westward across the Pacific to Australasia, Japan, China and the countries of Asia.

This may all sound somewhat grandiose, but it has very real meaning. Canada no longer sees itself primarily at the apex of the North Atlantic triangle, but as an Atlantic, a Pacific, an Arctic and, above all, an American nation. This is bringing about changes of emphasis in our foreign policy. It is not a retreat into isolationism, as some observers have suggested; rather, it is a broadening of horizons. It is also a considered move toward a more independent position in terms of foreign policy.

If we look to the United States for everything we cannot find in our economy we shall find ourselves with nothing of our own, at least in terms of independence. So we look first to Europe for the diversification we seek. There, too, we must be realistic. Europe is facing a long period of adjustment, following a long period of negotiation. I have confidence that the enlarged and deepened Community will be outward-looking in the longer term; in the shorter term, Canada will face real problems of adjustment to the new Europe, particularly in trading matters.

Nor is there any good or adequate reason why, in our search for diversification, we should keep our sights low and confine our efforts to the areas where we have close historical, cultural and economic ties. Our economic interests alone require us to broaden our areas of activity. The United States is not a market for Canadian wheat, nor can Western Europe accept more than a share of our production. The economy of the Prairie Provinces now depends on wheat sales to China, to the Soviet Union and Eastern European nations.

What is relatively new for us in the Pacific is our recognition of the People's Republic of China and the growing importance of Japan as a political and trading force of the greatest magnitude. We established diplomatic relations with Peking to come to terms with the political reality of China, to do our part to bring China into the community of nations (and particularly the United Nations), and to overcome the fiction whereby we were doing hundreds of millions of dollars worth of business with a country whose effective government we did not recognize. We do not necessarily expect recognition to increase our trade with China, although there are indications that it will.

Our relations with Japan are now so close that we have formed a Joint Ministerial Committee to oversee our shared concerns and to deal with problems as they arise. Japan has become the third great economic centre of the non-Communist world, with the United States and the Common Market.

Nor can we continue to follow a rather passive policy towards the countries of Latin America. It is often forgotten that more people live south of the Rio Grande than do north of it, and that several countries of Latin America are fast approaching the take-off point where the growth of their economies will become self-sustaining and accelerate rapidly.

With economic growth will come political strength. Some of the Latin American countries will soon exert much more influence in the hemisphere and the world. This is of importance to us as we come to accept, increasingly, our responsibilities as an American nation.

The need for closer relations with the Latin American countries has not led us to seek full membership in the OAS at this time. As a part of our effort to increase relations on a broad front, we are seeking permanent observer status. The OAS has approved our request in principle and is now working on the modalities of the question. Whether this will lead to full membership will depend very much on what we learn from our experience as permanent observer.

The principal aim of Canadian foreign policy is to preserve for Canadians the essential independence of action and expression that will enable Canada to survive, to grow and to make its own contribution to an interdependent world.

Interdependence in today's world means, I suggest, three things:

- interdependence in terms of peace and security;
- interdependence in terms of world prosperity;
- interdependence in terms of the human condition.

I shall deal with these in turn.

Interdependence in terms of peace and security is not confined to the alliances -- NATO, NORAD, the Warsaw Pact -- that the nations of the world deem necessary to their safety. We see today an interdependence between the power blocs that arises from modern weaponry and the balance of deterrence. The United States and the Soviet Union no longer threaten each other, as they did in the days of Henry Cabot Lodge and Vishinsky at the United Nations. They rely on each other to see to it that nuclear war does not break out. China is on the way to becoming a major nuclear power. The balance of deterrence to which we have become accustomed may well be replaced, in time, by a triangle of forces. I do not expect world problems to be eased when three nuclear powers rather than two must find an equilibrium, but they can never be solved while one of the three stands aside.

Interdependence in terms of peace and security can also be seen in local conflicts like the Middle East war that involve the interests of the super-powers. The inherent difficulty of finding a solution to the conflict that will satisfy Israelis and Arabs alike is compounded by the need of the super-powers, the United States and the Soviet Union, to achieve, or appear to achieve, their own ends and justify the part they are playing.

Interdependence in terms of world prosperity is a subject I have already discussed. No country in the world today is self-sufficient. Even the United States depends on imports to supply its economy and on exports for a significant percentage of its national income. Nations must trade in order to survive, and international trade means interdependence.

Interdependence in terms of the human condition opens a subject of great importance -- international development assistance. This has become an essential element in the foreign policy of donor and recipient nations alike. The provision of assistance in large amounts is perhaps a belated acceptance that all men everywhere depend on one another. The thought itself goes back to the Old Testament and is found deep down in all religions and systems of philosophy.

As foreign minister, I have been asked, from time to time, to justify the expenditure of large sums on foreign aid. I have reached the conclusion that the essential justification is to be found in the human terms I have set out above. It is sometimes said that "tied" aid stimulates the economy of the donor nation. This is true up to a point, but undoubtedly there are cheaper and more effective ways to do this. It has also been suggested that the provision of aid to a country can open up trading opportunities. Again there is truth in this, but it is a long-term investment indeed, not one that would attract your average, prudent Canadian financier.

In the end, I suggest, the justification must be found in humanitarian ideas. I believe that the Canadian people want to provide development assistance and find satisfaction in doing so, just as they strive to remove regional inequalities here at home.

Interdependence in terms of the human condition is not limited to the giving and receiving of development aid. It involves us in disaster relief -- an earthquake in Peru one year, a Pakistan typhoon the next. It raises the problem of the role of the international community in internal conflicts such as we saw in Nigeria in 1968-69 and in Pakistan in the last few weeks. Canada has made an important contribution to the work of the International Red Cross in the development of humanitarian law, seeking international arrangements that would allow international relief agencies to operate in civil conflicts to aid the innocent bystanders -- usually women and children -- as they do in wars between nation states.

Interdependence in terms of the human condition takes in many more of the major concerns of the day: social justice, race discrimination and the whole question of the dignity of man, the environmental problems that

cannot be contained within national boundaries and the whole question of international law and the making of sensible arrangements between nations that occupies fruitfully so much of the time at the United Nations.

Against this complex of interdependence, how does Canada use the essential independence it must retain? I have already suggested that it is used in the pursuit of Canadian interests in their international dimension and I make no apology for saying this. It assures to us control of the domestic economy and the right to run our own affairs. It enables us to take a Canadian view of the world.

To sum up, our cherished independence allows us to have our voice heard and our views expressed in world councils, to make a distinctively Canadian contribution to the affairs of all men everywhere. We work very hard at this. Our delegations to the United Nations and its agencies, to the OECD, to NATO and to other international bodies, are well staffed by able professionals. We do our homework, we try to behave responsibly.

I believe it is a good thing for the world that we have a distinctively Canadian contribution to make. It is a good thing that there is an independent North American voice in world affairs. In a world that must learn how to resolve conflicts and to live in peace, despite the great differences between its peoples, the Canadian experience in building a nation with two great language groups and many cultures is relevant indeed. Perhaps our contribution is a modest one, since we must act within the limits of our capacity. We must, at the same time, act to the full extent of our capacity. I believe we do.

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No. 72/3

CANADA IN A NEW WORLD

An Address by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Vancouver Board of Trade, January 17, 1972.

I have now been Canada's foreign minister for nearly four years. In a man's life, this is a significant period. In the history of civilization it is imperceptible. Yet in those four years we have seen profound changes in our world and in Canada's perception of it. In 1968, the new Government realized that the world was in the throes of the kind of periodic transformation that brings about a fundamental realignment of power relations. I do not suggest that we had the prescience to foresee the course this realignment would take, but the indicators were clear enough for the Government to give priority to consideration of Canada's international posture and relations, and to Canada's capacity to respond quickly and effectively to new situations.

It was for this reason that the Government, as one of its first actions, embarked upon a re-examination of its foreign policy. Not to challenge the past -- certainly not in search of change for the sake of change. What we had to determine, and determine quickly, was the future course of Canadian foreign policy in a period of uncertainty in international affairs. As a politician I do not discount the part that chance plays in the affairs of men and nations and it was indeed a fortunate thing for Canada that we took action at the time we did. But good fortune is more often than not founded in good judgment and certainly it takes good judgment to get the maximum advantage from good fortune.

* * * *

Since the Second World War, we have been living in a bi-polar world in terms of power relations. Events in the industrialized world have been dominated by the clash of competitive ideologies and interests between the United States and the Soviet Union, and the Third World, though unaligned, has had to live with the bi-polar reality. Waiting in the wings, obsessed by its own internal problems, there was China.

In this bi-polar world the socialist nations of Eastern Europe had little or no influence with the Soviet Union. Deviations from the official line, in East Germany, in Hungary and in Czechoslovakia were resisted. The United States, a free, open and democratic society worked with its allies around the globe, providing leadership, guaranteeing their security and in

many cases bolstering their economies. In fact, however, the preponderance of the United States in the Western World has been so great that it has necessarily held a position not only of leadership but of authority. To an admirable extent, throughout this period, the United States was open to influence by its friends but it played a determinant rather than just a participatory role in its global sphere of influence. This, of course, is how it looks to a Canadian, an Englishman or a German. If I were suddenly to be translated to the State Department in Washington (which God forbid), no doubt I would feel frustrated and embattled by what appeared to be the intransigence and narrow self-interest of my friends, driven to make concession after concession against my own *enlightened* self-interest.

John Foster Dulles, though not "present at the creation" with President Truman and Secretary Acheson, had a profound effect on world power relations in the bi-polar phase. He believed implicitly that "they that are not for us are agin us". He played his part in strengthening the free world against a clear Soviet threat. Perhaps inevitably, his diplomacy brought about a hardening of attitudes on both sides that may have helped to prolong the Cold War. What is certain today is that we live in a world very different from the one he knew and helped to build.

The great changes in world power relations that have taken place have been incubating for a decade or more, have come to light only within the last few years. They are two in number -- the Soviet response to the long-standing efforts of the West for a reduction of tension and the emergence upon the world scene of China. And here I am not forgetting the developments in Western Europe and Japan. The enlarged Common Market and Japan are now great powers in economic terms and can become so politically. For the purposes of this speech I will discuss them a little later. Clearly these two great developments are linked. Rivalry between the Soviet Union and China is one of the root causes for the slow and hesitant Soviet *rapprochement* toward the West. There are others -- growing self-confidence on the part of the Soviets, their acceptance as a power with world-wide interests, which has reduced their sense of being an embattled fortress, their growing need for Western technology and increasing trade between the socialist and market economies.

Canada has been playing a quiet but effective role in the search for *détente*. In NATO we have been leaders in the move from confrontation to negotiation. As we welcome President Nixon's planned visit to Moscow this year, we remember that Mr. Pearson, then in the portfolio I now hold, visited Moscow in 1955, 16 years ago, at the beginning of the thaw. I was fortunate to be with him and helped to negotiate the first trade agreement between our two countries.

For some years we have worked carefully but steadily to increase our contacts with the Soviet Union and the countries of Eastern Europe. There have been many ministerial visits in both directions; trade agreements and exchange agreements of various kinds have been reached, to the benefit of all concerned. Looked at in perspective, the visit Mr. Trudeau paid to the Soviet Union and Mr. Kosygin's return visit to Canada last year did not signal a

departure in Canadian policy but rather a logical step in a process, taken at the right time, the time when the Soviet Union was clearly signalling its wish for better relations with the countries of the West, not least with the two great states of North America.

By finding, after a long, delicate and demanding process of negotiation, a formula for recognition of the People's Republic of China, Canada broke the log-jam and opened the way for Peking to take the China seat in the General Assembly and on the Security Council. This is not just the Canadian view -- it is a view held widely in the world.

The bi-polar world, with the United States at one pole and the Soviet Union at the other, has passed into history. It was going already as contacts between East and West multiplied and as confrontation gave way to the phase of negotiation that may yet usher in an era of co-operation. The arrival of China on the world scene presents us with a triangle of forces. Chou En-lai has said that China's intentions are peaceful. China is determined, however, to become a major nuclear power and will do so. China has publicly repudiated the super-power role. But at the United Nations and in the world at large this role is being accorded to it. I am interested to note that the *Economist* of London refers without comment or explanation to the three super-powers.

Whatever China's relative position in economic or military terms and however the Chinese leaders see their own role on the international scene, China is already a super-power politically. This is a result, as I have suggested, of a consensus of world opinion. It would appear that China is seeking a position of leadership in the Third World. This is a development that must be watched carefully. The three-cornered world may not be much safer or easier to live in than the bi-polar, but it is more realistic. Without the participation of China the nations of the world could not possibly reach agreements on security, disarmament and arms control or nuclear testing that would be universal in application. With China in the equation, at least it is possible, if not, in the short run, very probable.

China has made clear on numerous occasions that it will not join the United States and the Soviet Union in a great-power hegemony -- even if either or both of those powers wished that to happen. China is committed to universality in seeking settlement of disputes and working toward the great objectives of peace, security and reasonable universal prosperity. What this means remains to be seen. From a Canadian point of view the prospect is welcome.

World experience in the years of confrontation should have taught us all that governments with whom we have disagreements do not disappear or change their ways because we ignore them or keep them at arm's length. Certainly Canada has learned this lesson and learned, too, that people under oppressive rule are not generally helped by sending their government to Coventry. The opposite is more likely to be the case. From our own experience, Canada has learned that world peace, security and prosperity are best served

by maintaining continuing contact with all the countries of the world whatever their political systems or attitudes. Such contact does not imply approval. We have contact with the Portuguese Government but they are in no doubt of our firm position against their colonialist policies in Africa. This affects the relation, sometimes in material ways, but it does not destroy the contact. We live in an interdependent world, where it is unrealistic and destructive to close ourselves off from whole countries because their ways are not our ways.

Voices have been raised crying that reciprocal visits with the Soviet Union, the Protocol on Consultations we have with that country, our recognition of the Peking Government and the support we gave to bringing the People's Republic of China into the United Nations indicate a move away from our traditional friends and the beginnings of anti-Americanism. This is absurd. Canada has always sought diversification in its international relations, to play its own part in the world. The last four years, which have seen our contacts with the socialist countries multiply and mature, have also seen us increase very materially our commitment to the countries of Black Africa, of both English and French expression. In the same period we have developed new relations with the nations of the Pacific. With Japan, we have a joint ministerial committee that meets annually. Our interest in Indonesia and Malaysia is increasing. We are in constant bilateral contact with Australia and New Zealand, formerly seen principally as fellow-members of the Commonwealth. Never before has there been such a careful and deep cultivation of our relations with Western Europe.

In the next few months we expect to achieve permanent observer status in the Organization of American States, and we have already joined many of the constituent agencies of the inter-American system.

In the light of this broadening of our world-wide interests, I put it to you that it is unacceptable to suggest that Canada is turning away from the United States and toward the Soviet Union. Some observers in the United States have suggested that Canada is trying to "disengage" from its southern neighbour. Nothing could be further from the truth. Diversification of relations does not imply disengagement from our community of interest with the United States. What is possible and desirable, and what we are doing, is to avoid drifting into total dependency upon the United States by suitable domestic policies and by developing closer and more effective relations with other countries -- some of them among our oldest friends, others, countries with which we can co-operate despite deep differences in policy and philosophy.

I have called my speech today "Canada in a New World". If this title seemed a little Delphic -- or at least overstated -- to some of you, I hope that you now understand a little better what it implies. I have also felt it worth while to take up much of my time with a group of distinguished West Coast businessmen discussing the reality of world power relationships and how Canada sees them. Now let me turn to the other great change that has taken place in the last few years -- a profound change in world trading patterns and arrangements, one with very direct effects upon Canada and of very direct interest to you as traders and businessmen.

For this audience I do not feel that I need sketch in the historical background. In what I have called the bi-polar phase in postwar history the economic situation closely mirrored the political reality. The world was divided into two great trading blocs, East and West, with the Third World very much on the outside.

Today, trade between East and West is increasing rapidly. Exchanges in the fields of science and technology are multiplying. To a large extent this is a concomitant of the easing of political tension. But it is also a result of the growing interdependence between all the countries of the world, an interdependence that offers some small hope that we can look to an era when co-operation will replace conflict.

The Third World of the developing nations is being drawn more closely into the overall economic system, in large part by the program of international development assistance, to an increasing extent by the growing importance of the developing countries both as markets and suppliers.

The greatest changes, however, have taken place in the industrialized world of the Western nations -- an odd term for a grouping that includes Japan and Australia among others, the members of the OECD and the Group of Ten.

Until a few years ago, the United States enjoyed a predominant position in this grouping. In economic terms, the United States was a giant among mortals. This situation has changed radically. The enlarged European Common Market will have a larger population than the United States and its gross national product will be about two-thirds that of the United States, and likely to grow more rapidly. And this is only to talk of the Common Market itself. With special arrangements with most of the countries on the Mediterranean littoral and with former colonies of the member powers, the Common Market and its associates will encompass 45 per cent of total world trade.

More than a year ago, my colleagues in the Government and I became deeply concerned about a tendency, observable on both sides of the Atlantic, for the United States and the Common Market each to turn inward, raising the spectre of confrontation and trade war. Our concern was twofold: the collapse of the economic system and the trade conflicts that it brought about were among the root causes of the Second World War; closer to home, a trade conflict between the United States and the Common Market would leave Canada out in the cold, unable to join the Common Market for a number of reasons, not the least our interdependence in economic terms with the United States, unwilling to form a Common Market with the United States -- a course that would take us from interdependence to utter dependency in a very short time.

We at once engaged in a series of conversations with the United States, the European Economic Commission, the member states of the Common Market and the British, a series of conversations that is still continuing. We found that there was an effective role for us to play in furtherance of our national interests and in the common cause of the trading world. We are now negotiating with the Common Market to put our consultations with them on a more

systematic basis -- mirroring, if we can, the joint committee at ministerial level that we have with the United States and Japan.

This initiative on our part had two good effects. It enabled us to bring home to the Common Market the reality of our position and our strong and legitimate interest in the freest possible trading arrangements. I believe, too, that both sides, by having to talk to us, were led at a time when both were concerned with internal problems and priorities to give a little more thought to each other.

The second great change in the trading world to which we belong was the economic miracle of Japan. I need not remind this audience that Japan is Canada's third-largest trading partner, after the United States and Britain, and that our trade with Japan is increasing rapidly. Japan is probably British Columbia's leading foreign trading partner. What we think about less often is that Japan is already a regional economic power of the first magnitude, dominating the economy of South and Southeast Asia, and already a major factor in world trade, likely to grow rather than diminish in importance.

In our trading world, the United States no longer enjoys an unchallenged position of leadership. It remains the most powerful economic unit in the world but it is challenged, to the east by the Common Market, to the west by Japan. Every Canadian should pray every morning and evening that the United States economy will continue to prosper. So closely are we tied together that we will thrive together or suffer together. There was a time last year when we thought that the Americans were trying to disengage from us. Fortunately, that threat seems to have receded.

It has been the consistent policy of this Government to seek a maximum diversification in our export trade, thereby reducing to the extent possible our vulnerability to the vicissitudes of the American market and to changes in American economic policy. I want to be very clear about this matter. At the present time the United States takes about 65 per cent of our total exports. We are very glad that they do but we must ask ourselves whether, for a country determined to remain free and to manage its own domestic economy, we have taken full advantage of the potentialities of other growing markets.

In seeking greater diversification in our export trade we are not seeking to reduce by one cent the dollar value of our exports to the United States. Indeed, we hope it will continue to grow. What the Government is after -- I suggest in the national interest and the interest of the trading community -- is a faster rate of increase in our exports to the rest of the world, so that the percentage of the total going to the United States may at least be stabilized and, better still, somewhat reduced, over a period of years.

I shall not stand here and draw at great length the moral of all this, which must be obvious to you. Keep and develop your markets in the United States; nowhere on earth is there a market or an aggregation of markets for Canadian goods that can replace the United States.

At the same time, I urge you, as a Canadian who, like you, wants this country to remain strong, independent and prosperous, to extend your trading and financial horizons as the Government has extended its political horizons. This is the world of the Seventies, not of the Sixties or the Fifties. Some people think that by reason of the formation of trading blocs the world is closing in on us and limiting our opportunities. I do not share that view. The world is, in fact, becoming more interdependent and Canada, in its unique position as an industrialized country with vast resources, a sort of cross between a developed and a developing country, stands to benefit especially from this growing interdependence.

I have spoken to you today very frankly about the new world I see in terms of power relations and in terms of trade. I have outlined for you Canada's perception of this new world and some of the opportunities, challenges and constraints it offers us.

It is not an unfriendly world for Canadians, and Canada is fortunate to live next door to a democratic and friendly nation. I see no evidence whatsoever that the United States has designs on Canada's independence, economically or otherwise. On the contrary, I am more concerned that the United States might turn inward, which could indeed have serious consequences for us and for the world as a whole; so we should do everything we can to encourage that great country to reassume its position of leadership in the further liberalization of trade.

What I do see for Canada is an opportunity to continue to exploit our proximity to the greatest power on earth as a means of strengthening our own Canadianism. We are a far stronger and more independent nation today than we were at the end of the Second World War because we took advantage of our proximity to the United States to become a modern industrial state. Now, as the power centres of the world become more diversified, we can, without diminishing our friendship with the United States, extend our contacts east, west and north and thus reinforce our independence and, I might add, our national unity.

This is the kind of nationalism I advocate for Canada. Not an inward-looking, fearful nationalism, but a confident, outward-looking nationalism, that welcomes contact with other nations, that uses these contacts to enrich Canadian life, that makes Canada a livelier place in which to live and bring up a family.



STATEMENTS AND SPEECHES

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THE STATE OF CANADA'S TRADE WITH JAPAN

An Address by the Honourable Jean-Luc Pepin,
Minister of Industry, Trade and Commerce, to
the Japanese Press Club, Tokyo, January 24, 1972.

* * * *

The mission that I am leading here is the largest economic mission Canada has ever sent anywhere in the world. With me are 31 senior Canadian businessmen. They represent a cross-section of Canadian industry, including manufacturers of products in which Canada has a proven international capability. The mission also includes a number of senior Canadian Government officials from Ottawa and from our Tokyo Embassy, all of whom have a major interest in Canada-Japan economic relations. Leading Canadian journalists have judged the event important enough to come along.

The size of this mission, and the quality of its membership reflect the importance which Canada attaches to its trade with Japan.

What are our objectives? We are here, as you expect, to promote Canadian products and to increase our exports to your market. Of course we want to increase the volume of our exports, but we also want to improve their quality. By this I mean the degree of fabrication of these exports. We want to continue to sell you industrial materials and foodstuffs. We also want to diversify our range of exports to include more manufactured goods.

To achieve these objectives it is important that Canadian businessmen learn more and more about the Japanese market, get to know better and better, on a firsthand basis, the techniques of doing business here. On the other hand we want to talk to your Government and business leaders about some obstacles which appear to stand in the way of Canadian exports to Japan and we want to contribute to the resolution of these problems.

My officials and I will also be talking to your Government about recent international trade developments, about our community of interests in trade liberalization, about Canada's and Japan's roles in the evolving international trade scene.

What is the state of trade between our two countries? It is large and growing fast.

In 1965, two-way trade totalled \$456 million and Canada had a surplus of almost \$100 million. By 1970 it had more than doubled, reaching \$1.3 billion. The trade surplus for Canada had kept pace, attaining over \$200 million. As we entered 1971, most Canadians, and I suspect most Japanese, had come to expect that a large excess of Canadian exports to Japan over Japanese exports to Canada was a normal feature of trade between our two countries.

This situation changed dramatically last year. In 1971 Japan's sales to Canada increased by a record 38 per cent, while Canadian exports to Japan actually declined. Canadian imports from Japan leaped by more than \$217 million, to over \$800 million, while Canadian exports to Japan decreased slightly, to about \$792 million. So in one year Japan moved from a deficit of \$209 million to a possible surplus of about \$10 million. The actual decrease in Canadian sales was due, experts say, to a temporary slow-down in the Japanese economy. That slow-down has not affected your exports to Canada. Major increases occurred in your exports of cars, motorcycles, steel pipes and tubes, double-knit fabrics, to name just a few. In the case of automobiles, Japan doubled its sales and presently supplies 15 per cent of the total Canadian market for automobiles.

This shift in our bilateral trade might be permanent or it might be temporary. We hope that our export decline is temporary; you hope that your export leap is permanent. As I have said on many occasions, when we had a surplus, Canada does not seek a bilateral balancing of trade with any country, Japan included. Now that the shoe (granted it is a small one) is on the other foot -- our foot, now that you have the surplus and we have the deficit, I do not intend to change my tune. We do not seek a balancing in our two-way trade. What we do seek, however, is a better balance in the terms of access to each other's market. We want the freedom to sell in your market. Sincerely, we do not feel that this is yet the case. I will come back to this point in a moment.

But first let me look at the content of the trade between our two countries.

Canada has been one of Japan's most important sources of industrial materials and foodstuffs -- 73 per cent of Canadian exports to Japan are in this category. We are in this position because we are stable and competitive suppliers. This trade has been good for Canada and it has certainly been good for Japan. We want it to continue on a mutually advantageous basis.

In the other direction, Canada has been a major market for Japanese manufactured products -- 97 per cent of our imports in 1971 were in this category. Your performance in Canada is a tribute to your marketing skills, but I submit it is also an indication of the openness of the Canadian market. Look again at the products you sell in Canada. Automobiles, trucks and motorcycles, TV sets, tape-recorders and radios, steel products, snowmobiles and textiles. Most of these items compete directly with Canadian products in the Canadian market.

At the very mention of the word textiles I know you expect me to say something about Canada's textile policy.

Textile products are still an important part of your exports to us, although they are becoming less so as Japanese sales to Canada of automotive, steel and electronic goods increase. Of the 15 leading imports categories from Japan last year, textiles made up only 10 per cent of the total.

Textiles are recognized internationally as a "problem sector" of world trade. In this situation Canada does maintain some trade-restraint arrangements with Japan. But they are selective. Canada's textile policy very carefully sets out the criteria for the imposition of trade controls in this sector: imports must be causing or threatening serious injury, and the manufacturer seeking safeguards for particular products must demonstrate that he will become internationally viable through rationalization plans which he must present to the textile board. We have not asked for restraints over broad categories of goods. Restraints on individual products are removed when they are no longer needed. In the longer term, we look to a solution to the textile problem by an orderly opening-up of markets by all countries. We support efforts in the GATT to this end.

The other major industrialized countries have for many years enforced much more restrictive policies on textiles than has Canada. *Per capita*, Canada buys ten times more textiles from Japan than does the EEC or the UK, almost double the *per capita* imports of the U.S.A. and triple those of Sweden. In value, Canada imports roughly as much from Japan as does the entire European community -- a market approaching 200 million people.

As I was saying, with a very few exceptions all your goods enter Canada without limitation and, in most cases, in direct competition with Canadian products. In turn, we should like to have the fullest opportunity to compete with Japanese products in Japan. That is what I meant when I referred to a better balance in the terms of access.

You buy from us copper, nickel and iron as ores and concentrates; you buy lumber and wood-pulp. But you do not buy our manufactured products. Only 3 per cent of Canadian exports to Japan are end-products, and, if I may speak frankly, as we do among friends, this is an unsatisfactory situation. There is a short-term and a long-term explanation to this.

Both Canada and Japan are coming through a difficult period. Both of us have experienced an economic slow-down. In Japan this has resulted in a decrease in the rate of growth. In Canada it has also resulted in high unemployment, a situation aggravated by the fact that Canada has the fastest-growing labour force among the industrialized nations. In order to provide jobs for this fast-increasing labour force, we feel we must expand further our manufacturing sector. But simple economic recovery from a temporary slow-down and fuller employment is not enough. Each country -- yours and mine -- has wider obligations and consequently wider objectives, economic, social and political. Canadians have a new desire, a determination to ensure a sophisticated,

up-to-date, mature economy. There are some good economic reasons for this; we need job opportunities in all parts of Canada; we need to hedge against sharp fluctuations in commodity markets; we need to provide career opportunities for our bright young people; we need to participate in the more rapidly expanding sectors of international economic activity -- the high technology industries. I know you will understand this in Japan.

We want to produce and specialize in the things we do well. This means we need markets not only for our industrial raw material but for our manufactured products too -- markets not only in the U.S., but overseas as well.

In searching for these markets we obviously look to Japan. The "economic miracle" for which you deserve praise has created here a large and rich domestic market. Apart from supplying raw materials and foodstuffs, we have not been able to penetrate it. As I have said, less than 3 per cent of our total exports to Japan were in the form of end-products. This compares badly with our performance on other markets. As a simple example, about 45 per cent of our total exports to the U.S.A. are fully manufactured. In the Philippines, over 60 per cent of our sales are in manufactured form.

In the process of solving our problems of distances and climate, and of developing our natural resources, we have created a body of original technology and products. We know we have competitive products to offer. What we do not have is success in selling in your market, and the question then is why not. There may be several reasons. It may be our fault, it may be your fault, or both. As Mr. Fujino, the President of Mitsubishi, said in the course of his economic mission to Canada last summer, Canadian businessmen do not try hard enough in Japan. He said that they should become more market-oriented, and that they should better familiarize themselves with Japanese business customs and consumer tastes. Mr. Tanaka, your Minister of Trade and Industry, said the same thing in our ministerial meeting in Toronto last September. We acknowledge that there may be a lot of truth in that, which is why we have included a large group of businessmen in the present mission to Japan.

But I think there are other reasons for our lack of success in selling our manufactured products to Japan. Specifically, I am concerned that Japan's import rules and practices seriously restrict Canadian sales opportunities. We recognize that considerable progress has been made by Japan in the dismantling of direct import controls, and we are looking forward to further progress. In our view much remains to be done. For example, although most Japanese imports are no longer under direct quantitative restriction, each and every import transaction still requires an import licence or a form of administrative approval. We are also concerned that in a number of cases import items of interest to Canada have been liberalized but that at the same time tariffs have been increased, and we are concerned that other items of special interest to Canada remain under quantitative restriction. We wish to discuss these matters. I am sure that the exchanges I am having with Mr. Tanaka and other ministers through this week, and the discussions our Canadian businessmen are having with leading Japanese industry representatives, will be most useful in providing a mutual understanding of each others points of view.

Both Canada and Japan are major trading nations. There are natural areas of co-operation between our two countries. In technology, for example, there is much to gain through bilateral co-operation. As a matter of fact, at the Canada-Japan Ministerial Meeting in September, it was agreed that a Canadian science and technology mission would visit Japan in 1972. Plans are proceeding for this mission.

Foreign investment also offers opportunities. For our part, we welcome Japanese investment in Canada, particularly where this investment is directed towards new enterprises. As you may be aware, the matter of foreign investment in Canada has been under Government review. While a policy statement has yet to be made, you can expect that it will not be aimed at restricting foreign investment but rather at ensuring optimum returns to the Canadian economy.

Canadians have some equity investments in Japan. I have noted Japanese progress in dismantling restrictions on foreign investment and I hope that you will continue this policy in order that we can maximize the benefits that accrue from the exchange of capital.

There is another form of desirable exchange between Canada and Japan, the exchange of people -- i.e., tourism. Canadians more and more are looking to the Pacific and to Japan as a travel destination. Japanese tourists are also coming more and more to Canada for an international holiday. From 1968 to 1970, the number of Japanese visitors to Canada almost doubled, from 12,000 to 22,000, and I am sure that, when the figures are in for 1971, another significant gain will have been achieved. We must continue to build on the successes we have had in terms of exchange of people and ideas through Expo 67 and Expo 70. These were great moments in the history of our two nations but also in the history of relations between our two countries, partners in the Pacific.

In the multilateral sphere we have much to gain by co-operation; we have even more to lose if the trading world is allowed to take on a protective colouring. Canada and Japan agreed last September in Toronto, and more recently at the GATT meeting in Geneva, that work should go forward towards a major new round of international trade negotiations. Prospects in this direction seemed dim a year ago, but I think this has changed. The recent dramatic shocks to the international trade and monetary system seem to have revived a willingness among the major trading nations to enter into early negotiations. We welcome recent Japanese pronouncements in this regard.

To conclude, we are anxious to strengthen our relations in every way; we are anxious to develop two-way exchange on a mutually advantageous basis; we are anxious to deepen our relations in the Pacific; we are anxious to work with Japan in partnership looking to the further strengthening of international trade and economic co-operation on a world wide basis. That is why we are here.



CANADA

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CANADA AND THE UNITED STATES

An Address by the Secretary of State for External Affairs,
the Honourable Mitchell Sharp, to the American Management
Association, New York, February 3, 1972.

...The shock-waves set off by President Nixon's new economic policy announced last August have diminished in severity. The world has been able to adjust to them, at least for the time being. A calculated act of confrontation has brought about a needed realignment in world currency values, a realignment that benefits the United States and Canada equally, since, as world traders with a free-floating dollar, we shared with you the disadvantages inherent in the undervaluation of some other world currencies. The monetary system now functions more efficiently; it is the trading system that remains in doubt. Wherever you look in the world today, you see signs of protectionism and other forms of economic nationalism.

Your own country is no exception. The 10 percent surcharge was a gamble that paid off, and it was relinquished when its short-term objectives were reached. But just last week your Congress passed into law the so-called DISC legislation, described by your Government as a taxation measure but universally recognized as a device to discourage American investment abroad and to give an added advantage to American exports in foreign markets. The Foreign Trade and Investment Act, usually known as the Hartke-Burke Bill, now before Congress would impose quotas on a wide range of imports. I am very glad to note that the Administration and other authorities have spoken out very strongly against it.

The arguments used to justify such measures are well known. The DISC, it is said, simply offsets the tax advantages given to foreign corporations by their own governments, particularly in Europe -- but not, I should add, in Canada. Other countries impose quotas or prohibitions against American exports; why shouldn't the United States do the same? The trouble is that other countries employ similar arguments to justify their economic nationalism. It becomes a vicious circle.

From an Olympian viewpoint, it makes no sense whatever, because everyone ends up poorer than he need be. However, Olympus is a place for the gods. Human beings are nationals of one state or another and act within a national context.

To that extent at least we are all nationalists.

This may seem obvious, but I suggest that it is very difficult to understand and cope with the phenomenon of economic nationalism unless one concedes from the outset that we are all nationalists to some extent.

Americans want the United States to be strong, independent and prosperous. Canadians want the same thing for their country.

It is also just as well to concede from the outset that the politicians who make the laws are likely from the very nature of their calling to be amongst the strongest of nationalists. In democratic countries at least, and I suspect even in socialist countries, politicians must not only give precedence to the national interest but must be seen to do so.

While the fires of nationalism are being banked in the older countries of Western Europe as they join together in an economic union, they burn more brightly than ever in the newly-emerging nations of the Third World and elsewhere.

An analysis of these contradictory tendencies helps to illuminate the problem of economic nationalism in today's world. The old civilizations of Europe that dominated the world for so many centuries are prepared to pool their economic sovereignty because they are satisfied that together they will be more prosperous while each can successfully retain its essential national characteristics and identity. In much of the rest of the world, however, national states are still in process of creating a sense of national identity. They are struggling to prove to themselves and to the rest of the world that they are free and independent, particularly those that were until recently colonies of one of the European powers.

Nationalism is a universal phenomenon; it is essentially a deep emotional issue; for most of the people of the world it is a dynamic force.

Ever since nation states began to emerge at the end of the Middle Ages, the more enlightened of the world's statesmen have been trying to channel the energy of nationalism into peaceful pursuits rather than into war. One cannot say that their attempts have been notably successful. It is instructive, nevertheless, that Europe, once the scene of the bloodiest of wars, has been one of the world's most peaceful areas in recent times and that the most dangerous conflicts have occurred among the less-developed states of the Middle East, Southeast Asia and the Indian subcontinent.

These areas are least able to afford the cost of war. They should be devoting their energies and resources to peaceful development. But to say this is to mouth clichés. It does nothing to resolve the conflicting nationalisms that underlie these tragic wars.

So I suggest to you that there is little point in deploring the excesses of economic nationalism or in proving to one's own satisfaction that

they are self-destructive. What we must do is to ask why it is that illogical and self-destructive policies make an appeal to peoples and to governments.

They do so primarily, I believe, because it is often difficult to distinguish the nationalism that unites the citizens of a country from the policies advocated by the extreme economic nationalists. The protectionists, for example, have always supported their views by emotional appeals to "my country first" against foreign imports. And, when the appeal is made to "my country first" against the operation of foreign-controlled corporations, there can be the utmost confusion in the minds not only of peoples but even of governments.

Some one has said "If you can't lick 'em, join 'em", and I think this advice may have something to contribute to the containment of the excesses of economic nationalism. Those who advocate free trade and who deplore the erection of unnecessary barriers to the movement of goods, capital, technology and ideas would be well advised to identify themselves as believers in nationalism.

This is not a hypocritical position. On the contrary. History is on the side of those who favour freer trade and the international movement of capital, technology and ideas as a means of promoting the legitimate national aspirations of states, whether they are industrialized, developing or, like Canada, a bit of both. Independence derives from economic strength, not from economic weakness.

It is not hypocritical for another reason. When I advise those who favour the liberal approach to trade and investment to identify themselves clearly as believers in nationalism, I mean that they should, in fact, support legitimate national aspirations for freedom and independence, economic and political, wherever they are to be found. There is a sound and defensible case in favour of what may appear at first sight to be attitudes at variance with the liberal, non-discriminatory approach to matters of trade and investment.

I cite as an example the granting of preferential tariff advantages to developing countries. This is a departure from the "most-favoured-nation" principle that has stood the world in such good stead while the quite remarkable postwar reduction of tariff barriers was brought about. Realistically, the developing countries could not be expected to have much to offer by way of tariff reductions to gain improved access to industrialized countries. The extension of non-reciprocal preferential tariff reductions to developing countries is part of a liberalizing trade policy, and by support of such policies those in favour of liberalizing trade can identify themselves as supporting the legitimate national aspirations of the developing countries.

There is also a case, I suggest, for tempering the effect of changes in established trade patterns. We live in a world of increasingly rapid change, and all countries without exception find it necessary to protect their producers from the worst kinds of shock. It would help in resisting the

excesses of economic nationalism and help the cause of trade-liberalization if internationally-accepted mechanisms to deal with such shocks were to be refined.

Perhaps the best example of what I have in mind relates to the operations of what are generally referred to as multinational corporations -- that is, corporations that have one or more affiliates outside the country of the parent company.

As one of those who supports liberal trading and investment policies, I find no contradiction in supporting some limitations on the operations of foreign-controlled corporations in Canada. I would see grave dangers, for example, in United States domination of the Canadian banking system, for in any country domestic control of the banking system is a central instrument of economic policy. I would see grave dangers in permitting our daily newspapers, many of them in a semi-monopoly position, to be controlled by non-Canadians. I feel the same as so do my fellow Canadians about television and radio networks and stations.

As a Canadian, I am equally and quite legitimately concerned when a foreign government tries to use its home-based multinational corporations as a means of implementing its own foreign or domestic policies. That is why, for example, Canada has taken the strongest exception to the efforts of the United States to apply its Trading With the Enemy Act to Canadian subsidiaries of United States corporations, and to apply its anti-trust legislation extra-territorially.

I submit, therefore, that, if irrational ideas and policies about foreign investment are to be successfully resisted, there must be acceptance of the need to meet legitimate concerns of this kind, concerns shared by many who want, first and foremost, to preserve a liberal environment for investment and trade.

Multinational corporations are not the old merchant adventurers -- the East India Company that ruled the teeming Indian subcontinent for nearly 200 years, or the Hudson's Bay Company that for so long controlled the empty vastness of Northwest Canada. They performed tremendous feats of adventure and accomplishment, but along a narrow front of economic exploitation of local resources. Moreover, in their own territories they were a law unto themselves.

To operate effectively, today's multinational corporations must be broadly-based and flexible in their approach, ready to tailor their operations to local conditions, local sensitivities, and local needs. Obviously they must work within the laws of the host country -- more than that, they must identify with and contribute to the aims and priorities of the host country.

Many corporations have acquired a good deal of sophistication in coming to terms with the varying and often conflicting circumstances they face. But many have yet to grasp the basic implications of multinationality,

continuing to be more imperialistic than international and treating their foreign operations as colonial outposts of the home office.

* * * *

Opportunity for advancement to the highest level for locally-recruited staff is an obvious necessity, as is participation as a corporate citizen in the social and cultural life of the local community. Perhaps less obvious is the need to rid management of branch-plant mentality and a tendency to see everything in terms of the parent-subsidiary relation. It is asking for trouble, for example, to concentrate research, development and design in the home country, denying to the host nation opportunities to strengthen its own scientific and technological capabilities and to give their own experts the chance to develop at home their special talents and skills. It may also be very poor business.

My concluding thought on the subject of multinational corporations is that we should all -- governments and corporations alike -- be thinking constructively about the development of guidelines and standards -- international law if you like -- for regulating the methods and activities of multinational corporations. Just as governments see advantage in international arrangements covering the conduct of their affairs abroad, so these corporations, with their considerable influence on international situations and relations, stand to benefit from co-operative efforts to build up a body of ground rules.

What is at issue in the debate about economic nationalism is a reconciliation between two principles -- the principle that the peoples of the world will be more prosperous if they trade freely with one another and have access to capital, technology and ideas from all around the world and the principle that the people of each sovereign state should have as much control as possible over their own economic destiny.

It is my belief, and it is the burden of my remarks to you today, that a reconciliation between these two principles is possible without the imposition of harmful restrictions upon trade and capital movements.

My belief is based on what has been happening in the world since the war -- a period that has witnessed the most rapid rise in standards of living in history. It has witnessed the emergence of dozens of new states, each intent on controlling its economic destiny. It has been a period without the kind of world-wide depression that occurred periodically before the war.

And this is the point -- during this same period there has been a dramatic reduction in barriers to international trade, an enormous increase in the volume of trade and an unprecedented and ever-growing movement of capital and technology across national boundaries.

The historical evidence is certainly that freer trade and access to capital, technology and ideas reinforces the ability of individual countries to control and improve their economic performance. I cannot resist adding that the policies of economic nationalism which were so widely practised

during the prewar period did not protect individual countries from the effects of the Great Depression. In fact the reverse was true. Moreover, during this recent postwar period we have seen a dispersal of economic power, not a concentration. The United States, once a giant among mortals, is now only one of the great, sharing its economic power with the new Europe and Japan.

Another reason for my belief that a reconciliation is possible is that the extremes are being abandoned. Protectionism, as such, is no longer respectable as an economic doctrine, no longer acceptable as a means of increasing national wealth. At the other extreme, the art of trade negotiation is improving so that the removal of trade barriers is being managed with less pain. Turning to foreign investment, the argument is no longer in terms of black or white. It is usually presented as a matter of degree, or a matter of behaviour of multinational corporations, or of the degree of control exercised by the government of the parent company, or the sector of the economy in which the investment is being made.

I am impressed, as I am sure you are, by the growing interdependence of the community of nations. The ability of any country -- even the most powerful (even the United States) -- to control its economic destiny is limited. There is no way in which any one country can insulate itself from external economic events, and if it were to try it would probably find that it had lost more than it had gained.

The conflict which might be assumed to exist between the principle that the peoples of the world will be more prosperous if they trade freely with one another and have access to capital, technology and ideas and the principle of total control by a country over its economic destiny is probably more apparent than real. The true options are much more limited in scope. A dramatic illustration of the truth of this hypothesis is to be found in the policies of the highly-controlled socialist countries of Eastern Europe, and particularly the Soviet Union. With all the economic "clout" that group of countries has, they have learned that self-sufficiency, whether in trade or technology, is not a viable goal in an interdependent world.

Let me conclude by applying some of these generalizations to my own country, Canada, where the debate about economic nationalism is probably as intense as in any other country.

With you we share the North American continent north of the Rio Grande. Our economies are interdependent to the point where they might better be described as interlocked. Total trade between us exceeds \$20 billion annually; each is the other's best customer. If we were economies of the same order of magnitude, the problem would be different and certainly less acute. But we are not; there is a factor of ten or more to one in your favour in terms of our populations and our gross national products. In *per capita* terms, Canadian investment in the United States exceeds American investment in Canada. The difference is that your investment in Canada results in some 50 percent American control of our manufacturing industries -- in some sectors, including automobiles and petrochemicals, the percentage is much higher. On the other hand, the degree of Canadian ownership of the American economy is negligible.

American ownership of so much of our economy largely results from the operations of American multinational corporations. This gives us an intimate knowledge and special concern in this area. A very high proportion of our labour force works for American corporations; key decisions affecting our economic life are often made on your side of the border.

These are statements of fact, not complaints. Multinational corporations have brought to us a high degree of prosperity and a great fund of technology. But it is hardly surprising that a great many thoughtful and informed Canadians are concerned, nor is it surprising that the Canadian Government is preoccupied with the same question.

While our approach to foreign investment in general, and American investment in particular, is and will remain a positive one, Canadians are determined that foreign corporations shall serve Canadian interests, buttress Canadian priorities and respond to Canadian aspirations. In both our societies, new forces are coming into play -- a growing concern about the health of our physical environment, a search for new qualitative goals to supplement those that are more material, an urge to equalize opportunities and living standards in economies plagued by regional disparities. None of this is ever easy; in a federal state, it is particularly difficult, as you know just as well as we do.

These new aspirations, as well as basic national interests and priorities, must be taken into account by multinational corporations if they are to continue to have the high degree of freedom of action in Canada that they now enjoy.

In its economic policy, Canada is the most internationalist of nations. This does not imply abrogation of economic sovereignty, any more than our internationalist attitude in world affairs implies abrogation of our political sovereignty.

The nations of the world have learned that they can create international economic institutions to manage economic relations. I believe that in years to come we shall be able to develop existing institutions that try to harmonize power relations -- and find new ones -- to the point where the intractable conflicts that characterize our times will be capable of management.

We need new, more effective and more universal institutions in both the economic and political fields. I believe we shall find them, by the usual tedious process of trial and error. They will come into being in response to changing attitudes. If international institutions are to be effective, they imply acceptance by all states of limitations upon the exercise of sovereignty, of the forces of nationalism.

The trick is to differentiate clearly between essentials and non-essentials. Narrow self-interest and outmoded notions of sovereignty threaten world prosperity and world security today. If they are persisted in, the threat they pose will become more menacing.

I suggest to you that our common goal should be to exercise our national independence, political and economic alike, as responsible parts of a whole that can be greater than its parts, where each of us pursues his own interests and aspirations with full respect for the interests and aspirations of others.

In this endeavour, the whole trading world looks to the United States for responsible and effective leadership, without which the responsible attitudes I have been discussing cannot be translated into action. We look to you for vigorous support of multilateral liberalized trade based on non-discriminatory principles, further improvements in the terms of competition and the encouragement of outward-looking postures by other countries.

Recent statements by the President suggest that longer-term United States economic interests require you to continue to pursue the objectives of freer international trade and capital investment and to seek an orderly and effective international trading and monetary system, reformed and adapted to the new international situation.

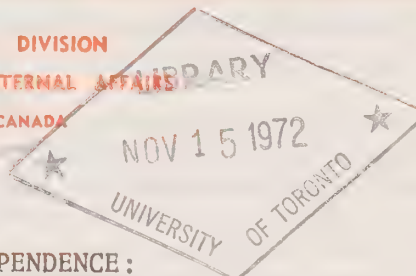
And this suggests that the United States, far from turning inward, is reasserting its leadership responsibilities and charting a course for future trade liberalization and serves your own interests and that of all trading nations. Certainly, in all of this you have Canada's full support.

S/C



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 72/6

INDEPENDENCE AND INTERDEPENDENCE:

PRINCIPAL OBJECTS OF CANADA'S FOREIGN POLICY

Part of an Address by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Board of Trade, St. John's, Newfoundland, February 25, 1972.

* * * * *

The principal aim of Canadian foreign policy is to preserve for Canadians the essential independence of action and expression that will enable Canada to survive, to grow and to make its own contribution to an interdependent world.

Interdependence in today's world means, I suggest, three things:

- (1) interdependence in terms of peace and security;
- (2) interdependence in terms of world prosperity;
- (3) interdependence in terms of the human condition.

I shall deal with these in turn.

Interdependence in terms of peace and security is not confined to the alliances -- NATO, NORAD, the Warsaw Pact -- that the nations of the world deem necessary to their safety. We see today an interdependence between the power blocs that arises from modern weaponry and the balance of deterrence. The United States and the Soviet Union no longer threaten each other, as they did in the days of Henry Cabot Lodge and Vishinsky at the United Nations. They rely on each other to see to it that nuclear war does not break out. China is on the way to becoming a major nuclear power. The balance of deterrence to which we have become accustomed may well be replaced, in time, by a triangle of forces. I do not expect world problems to be eased when three nuclear powers rather than two must find an equilibrium, but they can never be solved while one of the three stands aside.

This reality certainly underlies President Nixon's historic visit to Peking. I don't know if you were as deeply moved as I was when Richard Nixon seized Chou En-lai's hand at Peking airport, the same hand that John Foster Dulles spurned in Geneva in 1954. Did you ever expect to see a warm greeting from Mao Tse-tung to the American President, head of state of a country Mao had

described as "a paper tiger", leader of a people he had characterized as "imperialist capitalist fascist beasts"? President Nixon has warned the world not to expect too much from this meeting, a warning repeated by Premier Chou. It is sound advice, but to my mind we have already witnessed a miracle in the meeting itself.

If I sound euphoric, that is not what I intend. It is the global interdependence in terms of peace and security that has brought these men together, the sure realization that a world without some kind of working relation between the United States and China is far too dangerous to contemplate. You know, it took nearly two years of patient negotiation to establish diplomatic relations between Canada and China. In the course of these negotiations many difficulties had to be faced and overcome. But I believe the corner was turned when the Chinese finally realized that we were acting on our own behalf, for our own good reasons and in pursuit of our own interests as we saw them, and not as a stalking-horse for the United States. It is perhaps ironic that within a few months the United States started down the same path we had followed.

Interdependence in terms of world prosperity arises from the fact that no country in the world today can be self-sufficient. Even the United States depends on imports to supply its economy and on exports for a significant percentage of its national income. Nations must trade in order to survive, and international trade means interdependence.

History is on the side of those who favour freer trade and the international movement of capital, technology and ideas as a means of promoting the legitimate national aspirations of states, whether they are industrialized, developing or, like Canada, a bit of both. True independence derives from economic strength, not from economic weakness. I venture to say that the people of Newfoundland have greater independence today than they had before union with Canada.

The historical evidence is certainly that freer trade and access to capital, technology and ideas reinforce the ability of individual countries to control and improve their economic performance. I cannot resist adding that the policies of economic nationalism which were so widely practised during the pre-war period did not protect individual countries from the effects of the Great Depression, as Canadians and Newfoundlanders well know. In fact the reverse was true. Moreover, during this recent postwar period, we have seen a dispersal of economic power, not a concentration. The United States, in the postwar era a giant among mortals, is now only one of three, sharing its economic power with the new Europe and Japan.

I am impressed, as I am sure you are, by this growing interdependence of the community of nations. The ability of any country, even the most powerful -- even the United States --, to control its economic destiny is limited. There is no way in which any one country can insulate itself from external economic events and if it were to try it would probably find that it had lost more than it had gained.

In its economic policy, Canada is the most internationalist of nations. This does not imply abrogation of economic sovereignty, any more than our internationalist attitude in world affairs implies abrogation of our political sovereignty.

The trick is to differentiate clearly between essentials and non-essentials. Narrow self-interest and outmoded notions of sovereignty threaten world prosperity and world security today. If persisted in, the threat they pose will become more menacing.

I suggest to you that our goal should be to exercise our national independence, political and economic alike, as responsible parts of a whole that can be greater than its parts, where each pursues his own interests and aspirations with full respect for the interests and aspirations of others, just as Newfoundland pursues its interests and aspirations within the Canadian Confederation.

It is against this background that one should, I suggest, view the current trade differences between the United States and Canada.

What is involved is not a confrontation between two opposing philosophies of trade. What is involved is not primarily a disagreement as to objectives. There is even a wide measure of agreement as to the facts. The points at issue are matters that concern in the main the working of an agreement relating to automotive trade which goes to the root of the unique economic relation between our two countries.

This is why the differences are difficult to resolve. We are dealing with the operation of multinational companies owned in the United States and producing in both the United States and Canada and supplying the North American market. How are these operations to be carried on in the most efficient manner with the fewest constraints to trade to the advantage of both countries? How is automobile production -- and thus employment opportunities -- to be divided so that each of us will have his fair share?

These are the questions we have been trying to answer for many months, long before August 15, when the new economic policy was announced.

It is an important question but you will understand why I said that it does not involve a fundamental difference of principle in trade policy between our two countries. It would indeed be ludicrous if there should be a serious rift in relations because of the difficulty in reaching agreement about the future of the automotive agreement, which has been so beneficial to both Canada and the United States.

This is only a part of the search for further liberalization of international trade, a search in which all of the world's trading nations are engaged, even as they seek to protect their own essential economic interests in an interdependent world.

I said earlier that, for Canada, prosperity is indivisible. I said too that each part of Canada has its own concerns and its own interests, concerns that must be heeded and interests that must be furthered by the Federal Government.

Newfoundland has an abundance of riches, its human resources, its minerals, its vast reserves of forest products. These are being developed by domestic and foreign capital and with the help of the Federal Government. But I believe it is true to say that prosperity for Newfoundland still depends very much upon its off-shore fisheries.

Fisheries occupy a special place in the history of Canada. Fishing is Canada's oldest primary industry and the first international agreement contracted by Canada, highlighting its status as an independent nation, was the Halibut Treaty negotiated with the United States in 1923. Fishing is of first importance to Canada's coastal provinces. For many fishermen, in Newfoundland in particular, the protection of this resource is a matter of vital economic and social necessity.

Following the failure of efforts to obtain international agreement on the breadth of the territorial sea and the limits of fishery jurisdiction, efforts in which we played a substantial part, Canada was one of the first countries to adopt, in 1964, a nine-mile exclusive fishing-zone contiguous to our then three-mile territorial sea. Today the contiguous fishing-zone is well established in customary international law. Developments in more recent years made clear that the full range of our coastal interests could no longer be adequately protected by the three-mile limit for the territorial sea and a 12-mile limit for fisheries. Because the international community was unable to agree on more effective rules, Canada felt obliged once more to act alone. A number of amendments were made to our Territorial Sea and Fishing Zones Act that permitted the establishment of exclusive fishing-zones in the Gulf of St. Lawrence and Bay of Fundy on the Atlantic Coast, and Dixon Entrance, Hecate Strait and Queen Charlotte Sound on the Pacific Coast. We also extended the limits of our territorial sea from three to 12 miles, thus absorbing the old nine-mile contiguous fishing-zone within our extended territorial sea.

Along with these justified unilateral actions, the Government is continuing its efforts through bilateral and regional arrangements to regulate certain international fisheries and is pressing for greater protection of coastal fisheries through the third Law of the Sea Conference, expected to be held in 1973. We are working toward the acceptance of Canada's right, and the right of every coastal state, to manage the fish stocks adjacent to the waters under its jurisdiction and to reserve for its own fishermen a preferential share of the kinds of fish vital to them. Canada believes there is an international trend developing in this direction thanks to our efforts and those of like-minded countries.

In past months Canada has been negotiating with other countries that have traditionally fished in our territorial sea and fishing-zones to conclude agreements to bring these fisheries operations to an end. Two agreements have

been concluded with Norway on fishing and sealing activities, and are now in force. Under the fishing agreement, Norwegian vessels will no longer fish within the territorial sea or fishing-zones of Canada, although in the Gulf of St. Lawrence their vessels may continue operations, subject to Canadian laws and regulations, until the end of 1974. The sealing agreement was negotiated to meet the difficulties faced by Canadian sealers due to declining stocks and to ensure seal conservation and humane hunting methods. The agreement has the effect of regulating Norwegian and Canadian sealing even on the high seas. For conservation measures to be effective, the seal stocks must be treated as a single whole -- whether or not the seals remain on the high seas or drift with the ice-flows into waters under Canadian jurisdiction. Norwegian sealing vessels are not permitted closer than three miles from our coast and the taking of seals will be on an occasional and regulated basis. A commission has been established which will formulate proposals for the two governments on such matters as national quotas and opening and closing dates for the hunt.

Agreements, not yet formalized, have also been negotiated with Denmark, Britain, Portugal and France. We are still in the negotiating process with Spain and hope that these negotiations will be brought to an early and successful conclusion. It has been quite an achievement to bring so many complex negotiations so far in such a short time.

Newfoundland's fishermen may be assured that the Canadian Government knows that their problems are urgent. Canada must continue to respect the rule of law in national and international affairs, and many fisheries problems require multilateral action to achieve viable solutions, but the Canadian Government has not avoided unilateral action when justified. We shall do so again if we have to. But, as I have suggested, we must pursue our own interests with due regard to those others have acquired over centuries of practice, and our fisheries interests must be viewed as a part of the overall national interest and pursued within the reality of an interdependent world.

Interdependence in terms of the human condition opens a subject of great importance -- development assistance to the poorer countries of the world. This has become an essential element in the foreign policy of donor and recipient nations alike. The provision of assistance in large amounts is perhaps a belated acceptance that all men everywhere depend on one another. The thought itself goes back to the Old Testament and is found deep down in all religions and systems of philosophy.

I believe that the Canadian people want to provide development assistance and find satisfaction in doing so, just as they strive to remove regional inequalities here at home.

Interdependence in terms of the human condition is not limited to the giving and receiving of development aid. It involves us in disaster relief -- an earthquake in Peru one year, a Pakistan typhoon the next. It raises the problem of the role of the international community in internal conflicts such as we saw in Nigeria in 1968-69 and in Pakistan in the last few months. Canada has made an important contribution to the work of the International Red Cross

in the development of humanitarian law, seeking international arrangements that would allow international relief agencies to operate in civil conflicts to aid the innocent bystanders -- usually women and children -- as they do in wars between nation states.

Interdependence in terms of the human condition takes in many more of the major concerns of the day: social justice, race discrimination and the whole question of the dignity of man, the environmental problems that cannot be contained within national boundaries and the whole question of international law and the making of sensible arrangements between nations that occupies fruitfully so much of the time at the United Nations.

Against this complex of interdependence, how does Canada use the essential independence it must retain? I have already suggested that it is used in the pursuit of Canadian interests and I make no apology for saying this. It assures to us control of the domestic economy and the right to run our own affairs. It enables us to take a Canadian view of the world....

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No. 72/7

MINISTERIAL MISSIONS AS A TRADE-PROMOTIONAL TOOL

A Speech by the Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce, to the Canadian Club of Montreal, March 6, 1972.

The success of Canadian exporters doesn't come without efforts on the part of businessmen and labour and on the part of governments. The Department of Industry, Trade and Commerce of the Federal Government has a broad array of tools to assist Canadian exporters either to break into new foreign markets or to consolidate and expand their position in existing ones.

I am referring to the whole spectrum of activities performed by the various branches of my Department:

Trade negotiations for a variety of purposes, mostly for the improvement of the terms of entry for Canadian goods and services;

assistance of all types provided by our trade commissioners at our 80 posts located in 57 countries around the world;

trade promotion through trade fairs abroad and trade missions incoming to Canada and outgoing to other countries;

financial assistance as in recently-developed programs for support in bid preparations for capital projects abroad or for market identification and "adjustment", for individual participation in trade fairs abroad or for invitations to foreign buyers;

the support for the creation of new products for world markets through the various research and development programs (my Department's budget for these programs last year was around \$100 million);

the advice which officers in the Department offer at no cost to the many businessmen and industrialists who visit the Department every day;

the services of the Export Development Corporation and of Statistics Canada, for which I am also responsible to Parliament;

to be complete, I should have to include other services rendered by many other departments -- External Affairs, Energy, Mines and Resources, National Defence, National Revenue, Finance

I should be misleading you, of course, if I were to pretend that all this knowledge and all these instruments are co-ordinated in an overall strategic "game plan" with such scientific precision that there is little or no room left for improvements -- far from it. We are constantly reviewing and improving our existing services and developing new ones more in keeping with new situations and new requirements. These services are often combined to increase the impact and, consequently, the chances of success -- on a given market (e.g., the recently-created market development group in the Department of Industry, Trade and Commerce, which assembles "packages" of services, equipment and financing).

Each of these programs and services could be the subject of a good dissertation, but I shall concentrate today on one of them only -- ministerial missions.

* * * *

I am delighted at the interest that you have shown in these (Chinese) missions. They play a very important part in my Department's efforts to diversify trade, to increase Canada's exports to markets other than the U.S.A. I should underline here that our purpose is not to shift our exports of Canadian goods from the U.S.A. to other markets but rather to keep on doing as well as we have in the United States and to do still better in other markets.

* * * *

Trade Missions

The traditional type of mission for businessmen is for the specific purpose of either selling Canadian goods and services abroad or studying the requirements for specific products in foreign markets. We used to have quite a number of these.

However, after reviewing the results obtained from the various selling missions of the last few years and comparing their costs with the cost of administering what we call our "incoming buyers" program, it was found that the cost-benefit ratio of the latter was very much higher. In other words, for each dollar spent the return in sales concluded was greatly superior when we brought the foreign buyers to Canada to view the goods at a trade fair here or at the Canadian manufacturer's plant or in operation somewhere in Canada. The Department has therefore decided to reduce the number of outgoing sales missions but has considerably increased the number of invited foreign buyers (last year, there were 700; this year, we expect to have around 1,000).

We still organize a few outgoing "technical missions", consisting of businessmen and officials, when it becomes necessary to study and discuss what foreign countries do in specific product areas. Two recent examples were the

tobacco mission to Latin America and a technical apple mission to New Zealand, Australia and Japan last year. We are ready to have others whenever circumstances justify it.

We also have government missions of politicians and officials, but these are usually restricted to trade policy matters. I refer to the type of discussion I have had in recent months, for example, in Morocco, in Israel, in Korea, in Italy.

Lately, we have relied increasingly on what some call "ministerial missions", what I call "tripartite missions", i.e. groups composed of businessmen (102 in the last five missions), officials and politicians, each category contributing its own specializations and motivations. My recent missions to the U.S.S.R., Germany, China, Algeria and Japan were of this type. They have been most popular with all participants and will reveal, I believe, in the coming months a good deal of success, some of it already visible.

Each one of these missions is the subject of a very extensive preparation. At the outset I should say that every market presents different problems and must therefore be tackled in a different manner. The tripartite missions, though similar in composition, have been quite different in objectives.

First, there is the selection of the country to be visited. Some of the factors considered are the size of the market and the sales prospects for Canadian firms; particular problems which Canadian exporters may be facing in a country under consideration and the likelihood of finding solutions to them; whether or not the country represents a new market and what special attention, if any, may be required; particular advantages which Canada may have in the market being considered over other exporting countries, and how those advantages could be put to use, etc.

Once the decision is made to go ahead with a mission, the mission's objectives are defined and we move on to the membership selection.

On the official side, the mission membership always includes a representative of the Canadian Department of External Affairs. This will usually be the Canadian ambassador in the foreign country but, in addition, may include officials from the Department of External Affairs in Ottawa. Representation from other departments and agencies will depend on the mission's nature and the issues anticipated. It may include the Canadian International Development Agency, the Departments of Finance, Agriculture, Science and Technology, etc.; if export financing is likely to be an issue, a representative of the Export Development Corporation will also be included.

With regard to the business sector, representation is determined, among other things, in the light of the mission's objectives, the market possibilities for Canadian products and services and past performance in that market by particular Canadian firms. A final list of Canadian firms is drawn up after consultation with the trade commissioner in the field and the "line branches" in my Department. A point worth noting here is that the businessmen are invited to join a mission with the understanding that they will represent

their business sector in addition to their own particular firm. The reports they have to file at the end of the mission must reflect that fact. Furthermore, they undertake to make generally known in their own sector the business opportunities they have discovered while on the mission. This may be done through speeches, through articles in trade publications or through their day-to-day contacts with their colleagues. I am pleased to note how well many of the members of past missions have done in this respect.

Because of the relatively short time a mission has to accomplish the task (usually three to five days), every member has to be very well prepared. A first meeting of the mission members is, therefore, held before the group reaches the country of destination. This first meeting may be held either in Canada just prior to departure or somewhere *en route*. In addition to routine administrative questions, the mission is briefed on its purpose; the political, economic and trading conditions that prevail in the country to be visited; difficulties that may be encountered; and, in a general manner, the task that has been set for each member. Shortly after its arrival in the foreign country and before the mission officially begins, a second briefing meeting is held at which the embassy officials go over the various points already covered at the earlier briefing and bring the members up to date on the latest developments. The mission members then have the opportunity to go over their individual programs with the trade commissioners at the post, discuss their objectives and make any adjustments if necessary.

Once the mission has officially begun, the pace becomes rather hectic, leaving little time for rest. I think this will be attested by anyone who has taken part in such a mission. A typical day starts around 8 a.m. with a briefing session, usually led by the senior official on the mission, during which the previous day's activities are reviewed and assessed (the minister's and other members'), the members' activities for that day explained and any difficulties discussed, following which the group breaks up and each follows his own individual program (the minister making official visits on his counterparts -- officials and businessmen doing likewise). At the end of the day, each businessman is expected to file a report on his visits of the day. These are reviewed by the trade commissioners and the mission secretary and summarized for the minister. The minister is de-briefed on the day's activities and prepares for his meetings scheduled for the next day.

Once or twice during the mission's stay, the group will meet in plenary session to discuss its progress, findings and any difficulties. This general exchange of ideas helps each member assess his own progress in a proper context and it is also useful to the minister in his discussions with his counterparts.

When the mission has completed its business and returns to Canada, the work is not finished. The businessmen, as I mentioned earlier, must report to their colleagues and industry associations, the mission secretary prepares a final mission report which is made available to any interested Canadian businessman and, depending on the circumstances, a task force is set up or a person designated to follow up on matters and opportunities resulting from the mission.

In light of the foregoing explanations, I should like to examine with you some of the issues surrounding three of the ministerial missions I have had the pleasure of leading over the past year or so.

Mission to the U.S.S.R.

What were the problems to solve in the mission to the U.S.S.R.? We observed:

- 1) That the economies of the U.S.S.R. and Canada are not complementary in the traditional way -- we produce and export a lot of the same things;
- 2) that the U.S.S.R. is an advanced country technologically;
- 3) that it is difficult to make direct contact with Soviet end-users.

The conclusion: let's have an agreement with the U.S.S.R. for co-operation in science and technology in areas of mutual interest that would lead to closer contacts with operating ministries, to the exchange of know-how and to sales of sophisticated machinery.

That is why the mission to Moscow last January included, in addition to officials and a politician, 12 businessmen knowledgeable in the industrial applications of science and technology in their respective fields of business. The politician was there to conclude a Scientific and Technological Agreement. It established a number of mixed "working groups" whose purpose was to study and identify areas where co-operation might be mutually beneficial. The existing working groups cover: architecture and construction and building materials; forest-based industry; non-ferrous metals industry; electric-power industry; oil industry; gas industry.

Each group has met at least once, either in the U.S.S.R. or in Canada, since the Agreement was signed.

Two more groups will be created at the next meeting: one on the transport industry and another on "agri-business".

Already, there are clear indications that the Agreement has opened doors for the sale of a diverse range of goods and services. A few examples are: prefabricated housing; forest-harvesting equipment; sawmill complexes, pulp-and-paper plants; plywood mills; geophysical survey equipment; evaluation and planning of new mines; truck block-heaters; air-traffic-control equipment; large four-wheel-drive tractors; poultry incubators.

Furthermore, the signing of the Scientific and Technological Agreement, Mr. Trudeau's visit to Russia last spring and Mr. Kosygin's visit to Canada last fall have brought about a closer working relation with the Soviet

Union which certainly contributed to the signing last week of a contract to sell \$330 million of wheat to that country during the coming crop year. This sale, like all wheat sales, will benefit the whole of Canada. (Shipments worth \$250 million under the current contract are now being delivered.)

Mission to China

In the case of China, the situation was somewhat different. Canada had established diplomatic relations with the People's Republic of China but trade prospects with that country were uncertain and admittedly limited -- China imports only about \$2-billion worth of goods. A mission was, therefore, set up to discuss with the Chinese authorities the trade prospects and methods of doing business and obtaining the best possible lines of communication and terms of entry.

As a result of the June-July 1971 mission, the Chinese agreed to look to Canada first as a source for wheat. This agreement has been honoured since then by two purchases, the first, in September 1971, valued at \$30 million, and another, last December, for wheat to be delivered in 1972 and valued at nearly \$200 million.

In addition, I might mention *inter alia*:

- 1) There will be a Canadian "solo" trade fair in Peking, August 21 to September 2, 1972, which will be the largest Canadian industrial exhibition ever to be held abroad. Some 250 Canadian companies have indicated an interest in participating. The Chinese will be coming to the Canadian National Exhibition in Toronto this summer with a major exhibition.
- 2) The Chinese Minister of Foreign Trade, Mr. Pai Hsiang-kuo, is expected to visit Canada this year; a Canadian minister will represent the Canadian Government at the Trade Exposition in Peking.
- 3) Both sides agreed to hold formal trade consultations each year. The first such meeting took place in Peking in December 1971, at which time the Chinese gave the Canadian side an indication of their import needs for 1972. This information has been made available to members of the Canadian business community and will serve as the basis for Canadian trade-promotional activity in the coming year (at Canton and at Peking). The Canadian delegation reviewed Canadian export capabilities in great detail for the benefit of Chinese state trading companies.

It is expected that during 1972 there will be a broadening of the range of Canadian exports to China to include manufactured and sophisticated items in addition to the continuing sales of wheat.

Canada's trade with China is important. Its 1971 exports were valued at approximately \$204 million and imports at \$23.3 million. In addition to wheat, Canada exported to China: wood pulp (\$2.1 million), tire fabric (\$730 thousand), tallow (\$2.0 million), aluminum ingots (\$2.2 million), nickel anodes (\$743 thousand) and X-ray equipment (\$236 thousand) -- some of those sales resulting directly from the mission.

Mission to Japan

Of all the ministerial economic missions organized these past few years, the one I led to Japan a few weeks ago may well be the most important in trading terms. It was the largest economic mission Canada has ever sent anywhere in the world. It was subject to a very extensive and thorough preparation and the effects have already been most encouraging, as you will see.

Japan is Canada's third-largest market and may very soon displace Britain as our second most-important market. In 1965, two-way trade between our two countries totalled \$456 million and Canada had a surplus of almost \$100 million. By 1971, trade had more than tripled, reaching \$1.6 billion (about \$800 million each way).

What was "the problem"?

While on the surface things appeared to be going very well, Canada had for some time been concerned with the composition of its exports to Japan -- that is, their degree of fabrication. In 1971, fully 97 per cent of our imports from Japan were in the category of manufactured products, which contrasted very sharply with our exports of end-products to Japan -- which account for less than 3 per cent of the total. This compared poorly with our performance in other markets. As a simple example, about 45 per cent of our total exports to the U.S.A. are fully manufactured. In the Philippines, over 60 per cent of our sales are in manufactured form.

Our purpose in going to Japan was to try to remedy the situation, to try to add a new dimension to our exports to Japan. We had suggested that part of the problem lay with Japanese import controls and administrative procedures, which are too restrictive and do not allow the free movement of goods. On the other hand, some Japanese businessmen had suggested that Canadians were not being aggressive enough in pursuing trading opportunities in Japan. There was probably some truth in both explanations, and that is what the mission to Japan set out to clarify.

The problem was: How could Canadian exporters penetrate the Japanese market with manufactured goods?

The 31 Canadian businessmen on the trip spent a whole week meeting with their Japanese counterparts, informing them on Canadian export capacity, discussing business opportunities, determining existing impediments. During the five days we were there, it was estimated that they met well over 1,500 Japanese businessmen and officials. Some people referred to our operation there

as a "blitz" (the Japanese Minister of International Trade and Industry referred to it, in a friendly way, as the "Pepin typhoon"). I personally met five Japanese ministers, the Prime Minister, and the heads of all five major trading companies, and addressed the Keidanren and the Japanese Press Club.

I believe we were successful in making "our case":

- 1) The Japanese Government and business community recognized that the present "mix" of Japanese imports from Canada did not give a true picture of Canadian export capabilities and that a better trade pattern was required.
- 2) The Japanese were made more aware, thanks to the work of the participating businessmen and officials, that Canada has the capacity for the development of exports of manufactured goods as well as industrial materials and foodstuffs. This process of education is going on and will have to be amplified. A science and technology mission, led by the Honourable Alastair Gillespie, Minister of Science and Technology, is now on its way to Japan.
- 3) Japanese ministers agreed to give special attention to the early resolution of particular trade difficulties which exist between our two countries (live cattle, poultry, apples, etc.).
- 4) The giant Japanese trading companies agreed to co-operate in helping Canadian efforts. In this respect, planning is already well under way for visits to Canada by high-level teams of representatives from three of the largest trading companies in Japan (Mitsubishi, Sumitomo, Marubeni), which will endeavour to develop exports of Canadian manufactured goods and services to their country and to third markets.
- 5) Finally, Canadian industry representatives on the mission better appreciate (and I hope that they are spreading the good word) that it will be necessary to "try harder" to increase Canadian exports to Japan. The new atmosphere and the important high-level contacts established with Japanese industrialists during the mission indicate, however, that their efforts are likely to have a better chance of success now than in the past, especially if they are multiplied.

A whole list of products having a strong market potential in Japan was identified by the mission members and compiled by officials in my Department, and is available on request. Among the more important, let me mention: STOL (short-takeoff-and-landing) aircraft; waterbombers (for fire-fighting); integrated circuits and semi-conductors; aircraft simulators; computer peripherals; computer software; airport ground-equipment; pollution-control equipment; logging equipment; mine-excavation equipment; packaging technology; wooden-housing components and systems; meat and meat products; fish; frozen vegetables; pet food; etc.

Businessmen who have participated in these various missions now realize better the vast opportunities that exist for Canadian manufactured products in those export markets. My Department, in conjunction with the Export Development Corporation, other Federal Government agencies, and provincial departments, is continuously trying to improve its various forms of assistance to Canadian businessmen so that they may compete better. We should expect that, with these improved services and promotional aides, our businessmen would become more competitive and more aggressive so that our very remarkable performance of the past years would not only continue but actually improve. There is one thing politicians and officials cannot do -- that is, conclude the business deals.

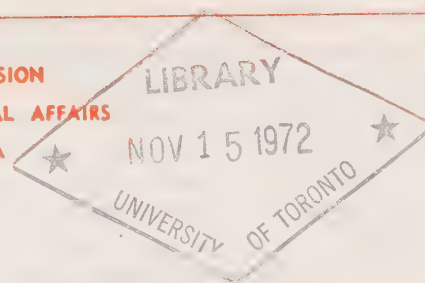
Canadians must never forget that 25 per cent of their gross national product comes from exports. They must look to the world as their market. They must encourage businessmen in their efforts to reach it and admire those who do.

S/A



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 72/8

IN SEARCH OF A FRESH CANADIAN INDUSTRIAL POLICY

An Address by the Minister of Finance,
the Honourable John N. Turner, to the
Canadian Club of Toronto, April 4, 1972.

Recently, there has been a great deal of public discussion about the need for Canada to develop an industrial policy for the 1970s. There appears to be widespread agreement that Canada should formulate an industrial strategy or "game plan" for the future. But there is far less agreement about what form it should take or how far it should go.

Some of the discussion of the issue has been in terms which suggested that establishing an industrial policy would be something new for Canada. Some has been in terms which suggested that simply by establishing the right kind of industrial policy Canada would be presented with a miraculous cure for all of its economic problems. Both such suggestions are nonsense.

Canadians have always had a pretty good idea about what their industrial objectives should be. They have also had a pretty good idea about how they could best go about trying to achieve them under the circumstances prevailing at the time. There have, of course, been differences of opinion over what the priorities should be at any given point in time and about the means that should be adopted to achieve them. As a general rule, however, there has been a broad measure of agreement about where the national interest lay.

At one time the focus has been on opening up our frontier and developing a transportation system to help populate the nation and bind it together from coast to coast. At other times we have put more weight on developing our natural resources or our industrial base. The National Policy of 1879, for example, established a very clear plan for fostering the growth of manufacturing industry in Canada. The basis of that policy was high tariff protection for Canada's infant industries. It was complemented by policies welcoming capital investment from abroad and encouraging a heavy inflow of immigrants to provide a market for the output of the manufacturing industries in Canada.

At the time it was proclaimed, the National Policy was not regarded even by the Government of the day as the most ideal means of achieving the nation's objectives. It was accepted as a second-best policy. But it was also believed to be the best option Canada had open to it in light of the consistent refusal of the United States to move toward freer trade between the two countries.

These policies played their part in helping to develop a broadly-based manufacturing industry in Canada, which in turn has contributed to the high standard of living Canadians enjoy today. But these policies also helped to contribute to some of the problems we face today. The high tariff wall and the imperial preference system led to the establishment in Canada over the years of a number of small-scale, relatively inefficient plants - a high proportion of which were also foreign owned and controlled.

Canadian commercial policy, of course, has not been the only factor that has helped to determine the structure and nature of our economy. As was the case with the National Policy, the course we have been forced to follow has often been determined by the policies of other countries, particularly those which restricted our access to export markets.

During the postwar period, there has been a fundamental shift in Canada's basic industrial approach. Over the past quarter-century, successive Canadian Governments have negotiated substantial reductions in world trade barriers. They have also adopted a variety of specific policies, programs and other measures to encourage and assist Canadian companies to take full advantage of the new market opportunities opened to them around the globe.

This approach to industrial development during the postwar period did not suddenly emerge full-blown overnight as part of a fully-defined national policy. Instead it slowly evolved in response to changing circumstances at home and abroad. It seems to me that this move to make Canadian industry more internationally competitive has been well understood and strongly supported by the vast majority of the Canadian people.

This approach, and the means adopted to implement it, have played an important part in fostering the strong growth of Canada's secondary industries during this postwar period. In 1950, less than 10 per cent of the goods which we exported were fully manufactured. Today some 36 per cent of all our exports are made up of manufactured goods. Some of our industries have become fully competitive internationally. Many others have made considerable progress toward this goal.

I believe that Canada has adopted and pursued an effective national policy for promoting industrial development during the postwar period. But I and other members of the Federal Government fully agree that the time is ripe to take a hard look at that policy to determine whether it should be modified to take account of the circumstances that prevail today and those that we can foresee taking shape in the years ahead.

What makes it important to take stock of our position now is the fact that the world is caught up in the midst of a number of far-reaching changes, the outcome of which it is not easy to predict. There is nothing new in change. What is new is the swift pace at which change is taking place in almost every facet of our society. The already rapid rate of advances in technology continues to accelerate, bringing about vast changes in our lives, in our way of producing goods and

in our way of doing business. Huge multinational corporate giants have come to assume an increasingly dominant role on the world economic stage and in the Canadian economy itself. The world is in the process of transforming itself into massive trading blocs, which in itself is a matter of immense significance to Canada as a major trading nation.

Moreover, the relative competitive position of the various nations is also undergoing a pronounced change. That was the hard fact that lay behind the international monetary crisis which came to a head last summer after the United States adopted a series of measures to halt the deterioration of its own competitive position.

Because all of these developments have far-reaching implications for the development of our own country in future, it is only sensible and realistic for us to take a new look at our situation and to reconsider what policies will best serve our own long-term interests.

When we come to reassess our industrial strategy, there are a great many considerations we must keep closely in mind. Let me say right off that I have some misgivings about the term "industrial strategy" itself. It suggests some sort of military operation in which everybody gets his marching orders as part of some vast plan established from on high. That is not what I am talking about. That kind of approach has no place in our kind of society or in our kind of economy.

Ours is essentially a free-enterprise system, not one whose every movement is determined by the state. Certainly the Federal Government can - and will - play a central role in setting its course. But every day millions of Canadian consumers - workers, farmers, fishermen, businessmen, investors - make individual decisions in the market place which, over time, have a massive impact on the state of our whole economy.

I am not suggesting that we change this system. I can assure you it's not the intention of this Government to get into the state-planning business. But we do intend to provide leadership. We do intend to work out broad policies, broad designs, for the future. I don't think the Federal Government should try to do this on its own. We need the experience and wisdom of businessmen and union leaders. We need the views of the provinces. We are looking for ideas and we're prepared to listen to what people have to say. I don't believe that any one group of men - in Ottawa or elsewhere - has all the answers. So we want your views. We want you to tell us not just what you think would be good for your firm, for your industry; tell us that, but tell us, too, what you think Canada's overall industrial policy should be in the best interests of the nation as a whole. I realize that we have some homework to do in Ottawa. We have to learn to co-ordinate our own federal economic policies more effectively. I think we're beginning to make progress in that direction. I can assure you that, as Minister of Finance, I intend to see that we make more.

What I am suggesting is that as a nation we need to consider carefully what changes should be made in our basic industrial approach and what kind of

policies and programs should be formulated over time to put those changes into effect in the best interests of the country as a whole. This involves establishing a broad set of objectives for Canadian industries, which, let us hope, we can all agree upon and work together to achieve.

But I don't want to leave you with any illusion that a new industrial policy will be easy to work out. It won't be. And, once worked out, it won't provide the answers to all our problems. There will be difficult decisions to make. We won't always see eye to eye on what should be done - partly because we sometimes see things from a different perspective - and we won't always agree on the priorities. And, inevitably, there will be mistakes. So let's not fall into the trap of thinking we're headed for the new millenium. The most that we can hope to accomplish as a nation is to organize ourselves better so that we can identify and concentrate our efforts on achieving certain key goals. This country has to get out and hustle just to maintain our competitive position, to say nothing of improving it. We have no vested right to affluence or success. We have to compete for it, work for it. In other words, let's stop spinning our wheels.

There are some basic things which I think we must take into account in evolving this new policy. I think most Canadians would regard it as fundamental that any new industrial policy maintain and, indeed, raise our standards of living. Canadian standards are high in comparison with those in other countries. Most of us want to keep them that way. Secondly, we want the opportunity, as Canadians, to participate at all levels in the economic life of the country's economic future - on the production floor and in the executive suite. I have said before that the real priorities for the Seventies are economic - the "bread-and-butter" issues. I believe we must improve the quality of life. But I believe, too, that includes providing everyone with the means to earn a decent living - and to me that requires good, productive jobs.

But all the elements that go into an industrial policy are not economic. For example, a viable industrial policy must take account of the increased importance which all of us today attach to preserving the Canadian identity. We want to develop our own type of society in Canada, in our own way, in our own country. And there are other goals, other priorities, that are important to us. We are more concerned today about protecting the environment. There is also a new emphasis on achieving greater equality in income and in economic opportunity between different points of Canada. We realize we've got to make a determined effort to develop our poorer regions. Finally, there is mounting pressure for new social investments to cope with the problems caused by the expansion of our towns and cities. We don't want our cities to become just asphalt jungles, as has happened elsewhere. And this imposes its own costs.

These may strike you as all being "motherhood" issues. But, as any businessman knows by now, they are issues that simply cannot be ignored. And so it takes more than industrial efficiency to make an industrial policy. It involves a balancing of differing interests, differing objectives.

These differences also show up in the decisions, in the trade-offs,

that have to be made between industries. This is where you get down to the "nitty-gritty" of making an industrial policy work. No country, least of all Canada, has the resources to do everything it wants to do. We have to concentrate our efforts, to select our targets. We have to decide, at any point in time, which industries are most deserving of support. We only have so many chips to play with and we can't afford to scatter them across the broad range of industry. As Darcy McKeough, Ontario's Provincial Treasurer, pointed out in a speech in Toronto only last week, it means that we have to face up to some hard choices. We have to concentrate on doing those things we can do best.

I am suggesting that the important thing is to have the right "mix", the right emphasis, in our development pattern. The emphasis must be on the growth industries, the high-technology industries, the knowledge industries of the future, the ones which present possibilities of "spin-offs". Often these will be industries where the pay-off prospects are so promising that they may require little or no Government assistance. So much the better. Frequently, however, they may need help in getting started. And it seems to me that these are the areas in which Government assistance should be concentrated. In some cases, this may include a concerted and co-ordinated effort by the Federal Government to ensure that the output of such industries is granted fair access to the markets of other countries. I recognize that the process of change will often require the restructuring or the phasing-out of some existing industrial operations, in which case out adjustment-assistance programs will have an important part to play.

Finally, I think we have to decide on what the balance should be between manufacturing industries, resource industries and the service industries. They all have an important role to play in economic development - all offer important employment opportunities. It is not an "either-or" proposition, as some people seem to suggest. As I see it, it is a question of balance and of emphasis. In my view, we need to give a high priority - at least during the next few years - to creating jobs in the goods-producing industries. These jobs, of course, will generate more work in other sectors. This is the only way to get the number of new jobs we need to take care of our rapidly growing labour force. It is also the only way we are going to maintain our relative position in world export markets.

The question of export markets is fundamental. An industrial policy must be realistic. It is not what we should like to do that counts -- it is what we can do. And this will depend in part on the success of our trade and commercial policies and of the impact on Canadian exports of the commercial policies of other countries. We just do not have the option open to us of doing it alone.

As I said earlier, the world around us is changing very rapidly. With the world divided into large trading blocs, there may be a greater disposition among the leading powers - the Common Market, the U.S. and Japan - to engage in market-sharing arrangements instead of continuing to move towards true liberalization of trade. Furthermore, tariffs are not now the only, or even the main, barrier to international trade. As tariffs are reduced further, and particularly

as they approach zero levels, countries will be tempted to depend more and more on subsidy techniques, on safeguard or emergency mechanisms, on rules about government procurement and on such measures as countervailing duties. There is, clearly, a need for internationally agreed rules to limit the use of such devices.

One of the important considerations we have to keep firmly in mind in formulating industrial policy for the future - as has always been the case in the past - is the economic relation between Canada and the United States. It is now evident that reconciling of the economic and political objectives of the two countries may be more difficult in future than has been the case during the past quarter-century. The measures adopted last year by the United States in an effort to strengthen its own economy, such as the DISC program and the job-development tax credit, undoubtedly raise questions about the extent to which U.S.-based multinational companies in Canada will expand their capital investment and production in this country. The DISC program will almost certainly result in increased competition from the U.S. firms in our domestic market overseas. It may also reduce the scope for the international rationalization of production by U.S. subsidiaries based in Canada.

The recent decision by the U.S. Administration to join with the EEC and Japan in issuing a "declaration of intent" to seek new multilateral negotiations is a most helpful sign. We have supported it. It is clearly implicit in this declaration that the United States will be prepared to negotiate some reductions in its barriers to imports. If substantial negotiations take place, they will offer important opportunities to improve the terms of access for Canadian manufactured goods. I have in mind not just reductions in U.S. import barriers but also reductions in the import barriers of the enlarged EEC and of Japan made possible in a broad multilateral negotiation.

But we still need more evidence that the declared intentions of these countries are real and that they are prepared to negotiate on non-tariff barriers as well as tariffs. In the months ahead, Canadian representatives will be pressing for adjustments in import policy by the new European Community to offset the impact of the enlargement of the Common Market. They will be pressing Japan to begin to open its markets to semi-processed and finished products. We shall, I am sure, be busy talking trade with the United States.

Looking further ahead, we shall have to ensure that any gains in improving the world trading system are not negated by international balance-of-payments problems or by attempts by some countries to maintain unrealistic exchange-rates. Until recently, a number of countries were, in fact, maintaining unrealistic exchange-rates and there is no doubt that we in Canada have benefited from the determined leadership of the United States Administration, and particularly of Secretary John Connolly, that brought about the adjustments of last December. We recognize that the Smithsonian agreements are only a partial solution - that further steps are necessary to achieve a more lasting reform of the international monetary system. We are ready to participate in this work. We regard international monetary reform as every bit as important as the need for new initiatives in the trade field.

These are some of our broad aims in the field of international economic relations. Obviously our detailed objectives in any new round of trade negotiations remain to be worked out. They will depend in large part on how we have defined our global industrial objectives.

As I said at the outset of my remarks, we have as a nation pursued an effective industrial strategy throughout the postwar period, a strategy which has been implemented by a wide variety of federal policies and programs. Because of the massive economic changes under way around the globe, however, the time is ripe to take a hard look at our industrial approach to consider what adjustments may be required to take account of these far-reaching changes. This does not mean that all our past policies and programs need to be discarded. We must build on past successes. In reappraising our industrial strategy and the policies and programs we adopt to implement it, we must be realistic. The industrial strategy we pursue during the Seventies must take full account of a variety of national goals and aspirations. But it must also take full account of the world around us, striving to achieve what is possible in light of the hard realities that confront us.

I have already emphasized that we welcome advice from businessmen, from labour, from provincial governments, from consumers and other groups, about the kind of policies we should adopt to best serve the national interest of Canada in the years ahead.

The Federal Government can and must provide leadership formulating our industrial strategy, but you must also play your part. The fact is, when the chips are down, what counts in determining the effectiveness of our industrial policy is how strongly you and other Canadians from every sector of our economy support it through the vital decisions you take in the market-place every day of the year.



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 72/9

CANADA FORGES ANOTHER LINK WITH LATIN AMERICA

A Statement by the Honourable Paul Martin,
Leader of the Government in the Senate and
Head of the Canadian Delegation to the
Annual Meeting of the Board of Governors
of the Inter-American Development Bank,
May 10, 1972, in Quito, Ecuador.

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There is a sense of symbolism in our meeting in Quito, the city which almost straddles the equator, which has given its name to our host country. According to the geographers, the equator is the great divide between the northern and the southern hemispheres. It not only divides the two hemispheres but it divides them equally. Historical experience tells us otherwise. Along much of its circumference, the equator has regrettably become the world's poverty-line. It divides a northern sphere of affluence from a southern sphere of under-development. It is for us, in organs like the Inter-American Development Bank, to seek to restore to the equator the equalizing function the geographers have attributed to it.

This is not the beginning of Canada's association with the Bank. That association, in fact, goes back to 1964, when the Bank agreed to administer long-term development loans on Canada's behalf. Some \$74 million has been allocated under this arrangement in the intervening eight years. We have found the experience of our association with the Bank to be a constructive one. We believe that the Bank has done likewise. It is a measure of our confidence in the Bank and the confidence which the members of the Bank have placed in Canada that we are speaking here today for the first time by right of full membership. As one who has for many years advocated the course of closer association between Canada and the hemispheric community, I am particularly honoured that it should have fallen to me to be Canada's first spokesman in this distinguished assembly.

Canada's accession to full membership in the Inter-American Development Bank is not a matter of accident. It represents, on the contrary, the result of a conscious and deliberate reorientation of Canada's foreign policy. It was not envisaged when that policy was first formulated some two years ago. But the policy developed a momentum of its own, and we found that our intended

involvement in the concerns of the hemisphere was likely to lack credibility so long as Canada was not seen to share fully in the task of development which preoccupies our neighbours in the hemisphere to the virtual exclusion of all others. Accordingly, we regard our membership in the Bank as a milestone on the road to closer co-operation with the countries of Latin America and the Caribbean.

Canada's policy towards the hemisphere represents a new departure. Historically, Canadians have tended to look eastward across the Atlantic and westward towards the Pacific. Our cultural and linguistic origins lie in Europe, as do yours. Nationally, we have been preoccupied by the exigencies of forging political institutions and economic patterns that will serve as a framework for our confederation from the Atlantic to the Pacific.

Of course, we have always had a North American perspective. It could hardly be otherwise. There are bonds of history and geography that link us to our neighbour to the south. There is also a broad range of objectives which we share both as continental neighbours and in the international environment. And there is a vast array of links which transcend the boundary that divides Canada and the United States as sovereign nations. Nevertheless, we lay claim to a distinct national identity and our policies are designed to reflect Canada's distinct position and perspectives in the world.

Canada has also maintained traditional ties with the Caribbean. These began as ties of trade. They have evolved, within the Commonwealth association, into a genuine community of interest. We are delighted to find our Caribbean friends increasingly identifying their interests with the large hemispheric community.

That is also the direction of the policy which Canada has decided to pursue. Canada's changing outlook on Latin America was explained succinctly in *Foreign Policy for Canadians*, the policy review which we undertook to chart new courses for the 1970s and beyond. "The mainspring of the Government's policy," as that document put it, "is the proposition that, between Canada and the Latin American countries as neighbours in one hemisphere, between Canada and regional groupings of such countries, and between Canadians and Latin Americans on a people-to-people basis, there are expanding possibilities for mutual benefits, especially in terms of economic growth, enhancement of the quality of life and promotion of social justice between different parts of the hemisphere."

Canada's decision to draw closer to Latin America was not taken in the abstract. It reflects changing conceptions of Canada's interests in the world. But it also reflects changes in the Latin American scene itself.

In Latin America, as elsewhere, old myths are giving way to new realities. Change itself is bound to be a continuing ingredient of the Latin American reality. As the distinguished President of the Bank put it in his impressive address to the Council on Foreign Relations last November, "change, sometimes startling, often upsetting,...is likely to be the one constant we can look forward to in the coming decade".

One aspect of change to which the President referred was the pervasive change in development consciousness in the hemisphere. Already the Latin American countries collectively have a respectable development record behind them. Their growth-rates in the second half of the 1960s exceeded those registered in the industrialized countries taken as a whole. More than that, nine-tenths of the resources that went to finance Latin American development in that period had their origin in domestic savings. This is not to understate the problems that remain. But if the commitment to development, to economic growth tempered by social justice, that has so clearly taken root in Latin America carries over into the 1970s, there is no reason why our Latin American friends should not face the future with continuing confidence.

While united in their response to the challenge of development, the countries of Latin America will differ in the prescriptions they see as best calculated to ensure success. This conception of a diversity of means strengthening a unity of ends is one which is close to the Canadian national experience. In the larger aggregation of the Latin American subcontinent, each country will want to contribute to the common objective according to its own particular genius and by taking account of its own particular conditions. Even so, it is clear that the variety of political models which is emerging in Latin America will not stand in the way of regional and sub-regional groupings based on the identification of common interests. Canada has already been able to give tangible expression of its support for one such grouping, the Andean Pact, and was privileged to lend its affirmative voice to the accession of Colombia and Venezuela to the Caribbean Development Bank.

Canada's new policy towards Latin America has two facets. We are determined to strengthen our relations with Latin American countries bilaterally. This we are now doing within the measure of our capacities. We also decided systematically to broaden the coverage and enhance the quality of our participation in the activities of various inter-American organizations. As a first priority, we thought it right to concentrate on those inter-American organizations which have particular relevance to Canadian interests and to whose work Canada is in a position to make a distinctive contribution.

The multilateral facet of our Latin American policy is well on the way to realization. A formal link with the Organization of American States has been established for the first time by virtue of Canada's admission to permanent observer status. A Canadian permanent observer with the rank of ambassador has been accredited to the OAS within the past fortnight. He is expected to take up his assignment by the summer. We regard this association with the matrix of the inter-American system as a key element in the implementation of our hemispheric policy.

Canada has become a full member of the Pan-American Health Organization, and we shall endeavour to play an active and constructive part in its programs. We have applied for full membership in the Inter-American Institute of Agricultural Sciences and we hope that the formalities involved in our application will soon be completed. We are also exploring the prospects of membership in the Inter-American Indian Institute. We look upon the work of all these organizations as contributing in substantial measure to the larger process of hemispheric development.

Apart from the support we are giving and intend to give to the activities of the inter-American institutions concerned with development in the hemisphere, we are concerned that Canadians, too, should become involved in this new dimension of our foreign policy. To this end, we have brought into being a bilateral program of technical assistance to Latin America. In the context of this program, we have identified certain areas -- agriculture, fisheries, forestry, education and community development -- which have been recommended to us as carrying a high priority and in which we like to think that Canadians have a particular capacity to help.

We have also decided to increase the grants we are making to non-governmental organizations that have chosen to work in this part of the Third World. These organizations include religious orders with a long and distinguished tradition of service in Latin America and the Canadian University Service Overseas, which has provided a context of international commitment for the more than 1,000 young Canadians at present serving overseas. Canadians who have lived and worked in the countries of the hemisphere under the auspices of these non-governmental organizations express in tangible and human terms our concern for the people of this region and our desire to be associated with them as friends and partners. This association also adds to Canadian understanding of the achievements and aspirations of our hemispheric neighbours and may be expected, over the years, to provide a strong underpinning for the recent reorientation of Canada's foreign policy.

All these initiatives notwithstanding, there was an important gap remaining in our relation with the region. Canada's decision to seek full membership in the Inter-American Development Bank reflects our determination to close that gap. It is based on our conviction that the Bank is an important instrument for improving the prospects of growth and the quality of life in this region, and in assisting its members to develop their resources, their economies, and their societies. That conviction has been formed as a result of our association with the Bank over the past eight years. It has been buttressed by the strong and imaginative leadership which has been given to the Bank's operations by our distinguished President and his predecessor and by the accumulating evidence of the Bank's capacity to respond flexibly to the changing challenges confronting its members individually and the hemispheric community as a whole. We consider Canada's accession to full membership as the culmination of our search for a more practical and effective form of involvement in the problems of the hemisphere than was provided by our previous association with the Bank.

Canada is not classed as a developing country and we do not pretend to fall into that category. But there are resources still to be unlocked in Canada and there are new frontiers still to be opened up. There are problems we have encountered in the management of our resources and in the shaping of our national economic environment which may well not be unique to Canada. In joining the Bank we shall be glad to put our experience at the disposal of our partners without endeavouring to export Canadian prescriptions or solutions. We intend to exercise our responsibility in an objective manner. The dictates of sound development will be uppermost in our minds. Our goal will be to assist the Bank in maintaining its role as an effective development institution and to enhance its capacity to serve the needs of its members. We recognize that this

capacity is a function of the Bank's distinctive regional character. We are resolved to co-operate in the preservation of that character, which is as much in our own interest as it is in the interest of the regional member countries.

It is now widely recognized that development and trade go hand in hand. The relation was impressed upon me afresh when I had the privilege of representing the Canadian Government at the opening of the Third UNCTAD Conference at Santiago last month. It is a relation that makes good sense to Canadians, who rely on exports to generate nearly one-quarter of their gross national product.

Canada has endeavoured to take account of the growing need of developing countries to expand their export opportunities. I venture to say that the Canadian market is as open as the market of any other industrialized country in the world. We have urged the freeing of trade in tropical and other primary products. We also favour the substantial reduction of all barriers inhibiting world trade.

We have maintained close and mutually rewarding trading links with all the countries of the hemisphere. We have tried to ensure that our agreements with them reflect the changes that have taken place over time as we did when we negotiated a new trade agreement with Colombia last year. We participate in many of the international commodity agreements, including those regulating the trade in coffee and sugar, which are of particular interest and importance to the countries of Latin America and the Caribbean.

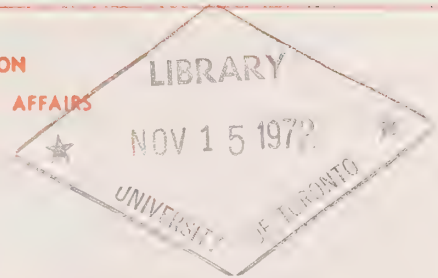
We are committed to the early implementation of the General Preference Scheme for the developing countries. We have also recognized that a trading pattern featuring large and persistent imbalances is a source of concern to many of our trading partners in the hemisphere. We have tried to take account of that concern by financing studies which are designed to help the countries concerned discover new trading opportunities in the Canadian market. Such studies have been prepared for the use of the Governments of Mexico and Brazil. It is our hope that the closer association between Canada and the countries of the hemisphere that is implicit in our membership in the Bank will open up new and mutually-advantageous channels for harnessing trade to the requirements of development.

The business of this Bank is development and it is as a partner in development that Canada has opted for the privilege of full membership. But when all is said and done, development is a means and not an end. The end, as one development economist put it more than a decade ago, is "the adventure of seeing what man can and will do when the pressure of scarcity is substantially lifted from him". It is to that end, to the full unfolding of the diverse societies represented in this organization, that we shall join our efforts to those of our friends and neighbours in the hemisphere.



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 72/10

CANADA'S UNIQUE RELATION WITH THE UNITED STATES

An Address by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Buffalo Area Chamber of Commerce, Buffalo, New York, May 9, 1972.

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We who live on the shores of the Great Lakes know from experience that any attempt by one partner to gain more than a temporary advantage at the expense of the other is self-defeating. We instinctively reject the doctrines of narrow economic nationalism that from time to time become popular in our two countries as cures for unemployment.

President Nixon paid us a very welcome visit in Ottawa a few weeks ago and in the course of a speech to both Houses of Parliament summed up very succinctly what I am saying to you now:

"It is time for Canadians and Americans to move beyond the sentimental rhetoric of the past. It is time for us to recognize:

- that we have very separate identities;
- that we have significant differences;
- and that nobody's interests are furthered when these realities are obscured."

He also had this to say:

"Our policy toward Canada reflects the new approach we are taking in all of our foreign relations -- an approach which has been called the Nixon Doctrine. The doctrine rests on the premise that mature partners must have autonomous independent policies:

- each nation must define the nature of its own interests;
- each nation must decide the requirements of its own security;
- each nation must determine the path of its own progress.

What we seek is a policy which enables us to share international responsibilities in a spirit of international partnership."

Perhaps I may be forgiven if I say that Canadians like the President's Doctrine rather better than we liked some aspects of his New Economic Policy as enunciated last August 15.

Over the past three years both Canada and the United States have been reviewing their foreign policies. The reasons given for doing so were identical on both sides. We were at the end of an era. The postwar order of international relations was going. With it were going the conditions which had determined the assumptions and practice of our respective foreign policies. The ending of the postwar era had not been a matter of sudden upheaval but of cumulative change over two decades, which, in the aggregate, had transformed the international environment. The task now, we both concluded, was to shape a new foreign policy to meet the requirements of a new era.

In the new scheme of things, both Canada and the United States saw a relative diminished role for themselves. In our case, we argued that our role had been enhanced at a time when Canada had enjoyed a preferred position and a wide range of opportunities as one of the few developed countries to have emerged unscathed, and indeed strengthened, from the Second World War. The Canadian role was bound to be affected by the recovery of our friends and former enemies and by other changes in the configuration of world power.

In your case, it seems to us that you have drawn substantially similar conclusions -- subject, of course, to the very different scope of your role and responsibilities in the world. The Nixon Doctrine is evidence of a growing conviction among Americans that the time has come for others to share a greater portion of the burden of world leadership and its corollary that the assured continuity of United States involvement required a responsible but diminished American role. It is the sense of the Nixon Doctrine that it will enable the United States to remain committed in ways that you can sustain without placing undue stresses upon your human and other resources.

These perceptions on both sides have their counterpart in the role that national objectives and national interests are henceforth to play in the conduct of foreign policy. In the American case, the greater weight to be given to the shorter-term national interest is the function of the diminished role you see for yourselves and of the enhanced capacity and potential of your international partners.

The Canadian foreign policy review, if anything, goes even further. It defines foreign policy as the extension abroad of national policies. The test of a sound foreign policy is the degree of relevance it has to national interests and basic national objectives. The most appropriate policy for the 1970s, therefore, our review concludes, will be one that strengthens and extends sound domestic policies dealing with key national issues.

In sum, the broad premises and underlying perceptions of the two foreign policy reviews are remarkably similar. It is in their implications for two

quite different entities on the world scene that they inevitably differ.

Let me remind you very briefly of some of the realities of the Canada-United States relation.

Canada and the United States share the North American continent north of the Rio Grande. Our economies are interdependent to the point where they might better be described as interlocked. Total trade between us exceeds \$20 billion annually; each is the other's best customer. If we were economies of the same order of magnitude, the problem would be different and certainly less acute. But we are not: there is a factor of ten or more to one in favour of the United States in terms of our populations and our gross national products. In *per capita* terms, Canadian investment in the United States exceeds American investment in Canada. The difference is that United States investment in Canada results in some 50 percent American control of our manufacturing industries -- in some sectors, including automobiles and petrochemicals, the percentage is much higher. On the other hand, the degree of Canadian ownership of the American economy is negligible. If our policies are to serve Canadian interests, they must take full account of this disparity of power.

While our approach to foreign investment in general, and American investment in particular, is and will remain a positive one, Canada is now in a position where Canadians can afford to be more selective about the terms on which foreign capital enters Canada.

It is in the light of this determination that Canada's new policy on foreign takeovers of existing Canadian business enterprises should be understood. Canada is a growing country that needs a capital inflow if its full potential is to be developed. The need is dispersed throughout the country and is felt most strongly in the Atlantic Provinces and the Eastern half of the Province of Quebec. The new legislation, when it is passed, will not hinder the free flow of capital into capital-hungry areas and capital-hungry industries. It may impede the takeover of existing, viable Canadian enterprises.

About 17 per cent of the net annual capital inflow to Canada is used to purchase going concerns rather than to develop new industries or new units in existing industries. This kind of capital inflow may or may not be in the Canadian interest. The intention of the new legislation is to see to it that it is.

For instance, if the net effect of an American takeover is to export research and development from Canada to the United States, replace Canadian management with American management and take the enterprise out of the export market, Canada is the loser, and such a takeover would almost certainly be prevented by the new legislation. It is important to note, however, that the procedure under the new act is to be one of review and assessment, and I hope that in the vast majority of cases a process of negotiation would result in approval of the takeover on terms which respond to Canadian interests and priorities.

No reasonable person could suggest that the proposed legislation is xenophobic or even unduly restrictive. It may cause hardship, and it is unlikely

that the frustration of the buyer would match the frustration of the would-be seller. But we are determined that foreign interests shall no longer be free to buy up Canadian enterprises with a view to closing them down and substituting imports for their production or reducing their role as exporters in world markets, closing down research facilities or otherwise reducing them to branch-plant status.

In its economic policy, Canada remains the most internationalist of nations. This does not imply abrogation of economic sovereignty, any more than Canada's internationalist attitude in world affairs implies abrogation of political sovereignty.

The trick is to differentiate clearly between essentials and non-essentials. Narrow self-interest and outmoded notions of sovereignty threaten world prosperity and world security today. If they are persisted in, the threat they pose will become more menacing.

I suggest to you that our goal should be to exercise our national independence, political and economic alike, as responsible parts of a whole that can be greater than its parts, where each pursues his own interests and aspirations with full respect for the interests and aspirations of others.

It is against this background that one should, I suggest, view the current trade differences between the United States and Canada.

What is involved is not a confrontation between two opposing philosophies of trade. What is involved is not primarily a disagreement as to objectives. There is even a wide measure of agreement as to the facts. The points at issue are matters that concern in the main the working of an agreement relating to automotive trade that goes to the root of the unique economic relation between our two countries.

This is why the differences are difficult to resolve. We are dealing with the operation of multinational companies owned in the United States and producing in both the United States and Canada and supplying the North American market. How are these operations to be carried on in the most efficient manner, with the fewest constraints to trade to the advantage of both countries? How is production -- and thus employment opportunity -- to be divided so that each of us will have his fair share?

These are the questions we have been trying to answer for many months, long before August 15, when the New Economic Policy was announced.

It is an important question, but you will understand why I said that it does not involve a fundamental difference of principle in trade policy between our two countries. It would indeed be ludicrous if there should be a serious rift in relations because of the difficulty in reaching agreement about the future of the automotive agreement that has been so beneficial to both Canada and the United States.

Let me assure you that Canada does understand and sympathize with the

United States Administration in its desire to correct certain fundamental imbalances in international monetary and trade relations. We made our contribution to the correction of some of these imbalances, for example, by floating our currency and by advancing tariff reductions under the Kennedy Round many months before the United States announced its New Economic Policy, and we are prepared to go further, as we indicated to your Government some time ago. Regrettably, they did not accept our offer.

This is only a part of the search for further liberalization of international trade, a search in which Canada would wish to see all of the world's trading nations engaged, even as they seek to protect their own essential economic interests.

In this endeavour, the whole trading world looks to the United States for responsible and effective leadership. We look to the United States for vigorous support of multilateral liberalized trade based on non-discriminatory principles, further improvements in the terms of competition and the encouragement of outward-looking postures by other countries.

Recent statements by President Nixon suggest that longer-term United States economic interests call for the pursuit of the objectives of freer international trade and capital investment and for an orderly and effective international trading and monetary system, reformed and adapted to the new international situation.

And this suggests that the United States, far from turning inward, is reasserting its leadership responsibilities and charting a course for future trade liberalization that serves its own interests and those of all trading nations.

If this reading is correct, and I believe it is, I have no fears for the future United States-Canada trading relation.

The \$20 billion in total trade between Canada and the United States involves about 67 per cent of our total exports and about 75 per cent of our total imports. These facts, taken together with the high degree of American ownership of the Canadian economy, mean that Canada is particularly vulnerable to the vicissitudes of the American market and to changes in your economic policy. To offset this vulnerability, the thrust of Canadian policy is to seek the maximum diversification in our export markets. Our aim is not to reduce the dollar value of our exports to you but rather to increase our exports to the rest of the world at a faster rate, so that the proportion of our exports entering this country will be stabilized and perhaps, over a period, somewhat reduced.

In this endeavour we have to be realistic, even hard-headed. For Canada, there is not, and will not be, any substitute for the market this country represents. Canadian prosperity depends on access to the American market. But I think that, if there is one thing Canadians and Americans agree about, it is that Canada should remain free, sovereign and independent. If we are to do this, we must not allow ourselves to drift from interdependence with you to total dependence upon you.

This calls not only for the greatest possible diversification in our patterns of international trade but in the totality of our international relations. In the course of the last few years, Canada's world view has been enlarged. Up to the Second World War, Canada's world view was focused, to a very large extent, on London. The events of the War, and the emergence of the United States as the predominant world power required us to broaden our field of vision to acknowledge Washington's pre-eminence. In a bi-polar world, we found ourselves very much at home among the nations clustered around the American pole.

The great changes in world power relations that have taken place have been incubating for a decade or more and have come to light only within the last few years. They are three in number: the Soviet response to the long-standing efforts of the West for a reduction of tension; the emergence upon the world scene of China; and the resurgence of Western Europe and Japan. The enlarged Common Market and Japan are now great powers in economic terms and can become so politically.

Rivalry between the Soviet Union and China is one of the root-causes for Soviet *rapprochement* toward the West, however slow and hesitant. There are others: growing self-confidence on the part of the Soviets; their acceptance as a power with world-wide interests, which has reduced their sense of being an embattled fortress; their growing need for Western technology; and increasing trade between the socialist and market economies.

Canada has been playing a quiet but effective role in the search for *détente*. In NATO, Canada has been a leader in the move from confrontation to negotiation.

For some years we have worked carefully but steadily to increase our contracts with the Soviet Union and the countries of Eastern Europe. There have been many ministerial visits in both directions; trade agreements and exchange agreements of various kinds have been reached, to the benefit of all concerned. Looked at in perspective, the visit Mr. Trudeau paid to the Soviet Union and Mr. Kosygin's return visit to Canada last year did not signal a departure in Canadian policy but rather a logical step in a process, taken at the right time, the time when the Soviet Union was clearly signalling its wish for better relations with the countries of the West, not least with the two great states of North America -- Canada and the United States.

By finding, after a long, delicate and demanding process of negotiation, a formula for recognition of the People's Republic of China, Canada broke the log-jam and opened the way for Peking to take the China seat in the General Assembly and on the Security Council. This is not just the Canadian view -- it is a view held widely in the world.

The bi-polar world, with the United States at one pole and the Soviet Union at the other, has passed into history. It was going already as contacts between the East and West multiplied and as confrontation gave way to the phase of negotiation that may yet usher in an era of co-operation. The arrival of China on the world scene presents us with a triangle of forces. Chou En-lai has said that China's intentions are peaceful. China is determined, however, to become a

major nuclear power. China has publicly repudiated the super-power role. But at the United Nations and in the world at large this role is being accorded to it.

Whatever China's relative position in economic or military terms and however the Chinese leaders see their own role on the international scene, China is already a super-power politically. This is a result, as I have suggested, of a consensus of world opinion. It would appear that China is seeking a position of leadership in the Third World, the world of the former colonies and developing countries. This is a development that must be watched carefully. A multi-polar world may not be much safer or easier to live in than the bi-polar, but it is more realistic. Without the participation of China, the nations of the world could not possibly reach agreements on security, disarmament and arms control or nuclear testing that would be universal in application. With China in the equation, at least it is possible, if not in the short run very probable.

Voices have been raised on our shared border, crying that reciprocal visits with the Soviet Union, the Protocol on Consultations we have with that country, our recognition of the Peking Government and the support we gave to bringing the People's Republic of China into the United Nations indicate a move away from our traditional friends and the beginnings of anti-Americanism. This is absurd. Canada has always sought diversification in its international relations, to play its own part in the world. The last four years that have seen our contacts with the countries of Eastern Europe multiply and mature have also seen us increase very materially our commitment to the countries of Black Africa, of both English and French expression. I was the first Canadian foreign minister to visit Black Africa. In the same period we have developed new relations with the nations of the Pacific. With Japan, we have a Joint Ministerial Committee that meets annually. Our interest in Indonesia and Malaysia is increasing. We are in constant bilateral contact with Australia and New Zealand, formerly seen principally as fellow-members of the Commonwealth. Never before has there been such a careful and deep cultivation of our relations with Western Europe.

The Government of Canada has had a completely fresh look at our relations with Latin America, which has led to an important strengthening of Canadian participation in the inter-American system. We now have permanent observer status in the Organization of American States, with a resident ambassador. We have become members of nearly all the constituent agencies of the inter-American system. We joined the Inter-American Development Bank last week, and shall be contributing \$100 million to the Bank over the next three years.

In the light of this broadening of our world-wide interests, it is unacceptable to suggest that Canada is turning away from the United States. Some observers have suggested that Canada is trying to "disengage" from its southern neighbour. Nothing could be further from the truth. Diversification of relations does not imply disengagement from our community of interest with the United States. What is possible and desirable, and what we are doing, is to avoid drifting into total dependency upon the United States by suitable domestic policies and by developing closer and more effective relations with other countries -- some of them among our oldest friends, others with whom we co-operate despite deep differences in policy and philosophy.

Whatever Canada may gain from broadening and deepening its international relations, Canadian relations with the United States will always remain unique in their complexity, their closeness and their dynamic quality. This dynamic quality, this readiness to innovate, was most recently exemplified in the Great Lakes Water Quality Control Agreement signed by President Nixon and Prime Minister Trudeau in Ottawa last month.

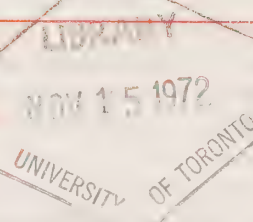
This agreement is one that will affect all of us here and is of particular interest to those living in the vast urban conglomerations surrounding the Great Lakes, such as Buffalo, Toronto, Detroit and Chicago. For it is these cities and the people living in them that have done much to despoil the natural beauties and purity of the Great Lakes system. Canadians and Americans now have the opportunity and responsibility to restore to the Great Lakes a large measure of the purity which once was theirs. Every one of us, whatever his special field or knowledge, has to live with the consequences of what man does and is doing to his environment. As a representative of a Toronto constituency, I am particularly conscious of the resources our countries possess in the Great Lakes. The Great Lakes Water Quality Agreement will not only protect that resource but will do a great deal more. In a wide range of man's activities on and in the Lakes, we are re-examining those activities to determine their effect on the environment and to compensate for or eliminate that effect where necessary. This agreement establishes a co-operative framework through which, for many years to come, our two countries will work to defeat a common enemy -- pollution. The tribute to our friendship and co-operation enshrined in it will be visible long after any of the present differences between our two countries, which at the moment seem to loom so large, are forgotten.

It is in this spirit that I see Canadians and Americans living and working together in the future as neighbours and doing their utmost to ensure that the quality of life for all their citizens is as rich as possible.



STATEMENTS AND SPEECHES

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SOME ASPECTS OF THE WORLD WHERE CANADA WORKS AND TRADES

A Statement by the Secretary of State for External Affairs,
the Honourable Mitchell Sharp, at the Canadian Business
Outlook Conference, Vancouver, May 11, 1972.

* * * *

...I shall try to describe some of the situations and trends to which we must accommodate ourselves, speaking briefly about relations with the Third World and the Communist world, and at greater length about relations with our principal trading partners -- above all, of course, the United States. And I shall try to relate the domestic to the foreign scene by showing how the Government is pursuing national goals and objectives in the international context.

In the first decade after the war, a new international order emerged. In the second, this order achieved a certain familiarity and stability. But, just when we had become accustomed to it, the changes which had been working below the surface all the time began to manifest themselves. In the last three or four years, we have become aware of just how profound these changes are. We realize, when we speak of "the Seventies" in international affairs, that we are talking of something which, if less than a concept, is more than a slogan.

The changes which have now emerged will be familiar to you. They include the transformation of the Cold War relationship, the re-emergence of China upon the world scene, the evolution of a reconstructed Western Europe into a new focus of political and economic strength on a world scale, the dramatic confirmation of Japanese economic strength, and the consolidation in independence of the emerging Third World. Twenty years ago we were justified in thinking that we lived in a bi-polar world. International politics then were dominated by the United States and the Soviet Union. The military alliances led by the two super-powers confronted each other across Europe and Asia. China was in the earliest stages of Communist power, Western Europe and Japan barely launched upon reconstruction, and much of the developing world still under some form of colonial rule.

Now we are conscious of living in a multi-polar world. The United States and the Soviet Union are still super-powers, of course. Obviously, they are great powers in a sense that China, Japan and Western Europe are not -- and may, indeed, never become. But they are super-powers with a difference -- more aware of the limitations of their power than they were ten and 20 years ago.

They are working to adjust relations between themselves -- above all, the nuclear relationship which lies at the heart of their power status. And they are obliged increasingly to share the stage with other power centres in the world whose influence upon events is growing.

For a country like Canada -- an outward-looking developed Western country with a positive view of its international responsibilities --, this emerging world order presents both opportunities and problems. It presents opportunities to diversify the nation's political and economic relationships in ways that strengthen national unity and reduce excessive dependence upon the United States. Canadians have shown themselves to be loyal allies. They continue to be. But I doubt if Canadians were ever entirely comfortable in a world in which policy was so dominated by military considerations as the one from which we are now emerging. They will feel more at ease now that they have more international elbow-room. They will want to continue to break new ground in developing relations with the Soviet Union and China. They will derive satisfaction from increasing participation in the progress of the developing countries.

At the same time, Canadians will want to use their new-found elbow-room to come to grips with the problems of the new international context -- above all, with the problem of how to avoid isolation in a world increasingly divided into trading blocs.... Abroad, we will have to work to create the sort of international circumstances in which such an economy can flourish. The Government has already indicated its firm support for the new round of international trade negotiations the United States has proposed. The budget speech drew attention also to the contribution that will be expected of us in adapting international monetary mechanisms as well. And we will have to attack the particular problems that our relations with our different trading partners now present. To these I would now like to turn.

Take the easiest first: Canada's relations with the developing world. The idea that Canada should make a constructive contribution to the economic progress of the Third World through trade and aid has always found ready acceptance among Canadians. In our bilateral relations with the developing countries we had to start from scratch. In Asia these relations are only a quarter of a century old; in Africa and elsewhere, only a decade. I was the first Canadian foreign minister to visit Black Africa, and that was only a little over a year ago. Against all the advantages of starting with no colonial past, we have had all the disadvantages of inexperience.

In the past quarter-century, the Government's interests in the Third World have continued to increase rapidly. Our aid programs are evidence of this. Aid appropriations are now close to half a billion dollars a year. They will continue to grow with the growth in gross national product. During the last fiscal year, we reached a level of 0.44 per cent of GNP for official aid against a target of 0.70 per cent. Just last week, Canada became a member of the Inter-American Development Bank. This involved a major new commitment to multilateral aid, which will total \$100 million in the next three years.

We have a clear objective, and have now developed the basic means of reaching it. The problems of the coming years will be ones of refinement. We're in danger of being stretched too thin. We want to be sure our aid has the maximum development impact. We want to see to it that the needs of the developing countries are matched to Canadian skills and resources in the best way we know how. (Parenthetically, I might add that Canadian businessmen have not been as alert to take advantage of opportunities in this area as they should have been.) It is questions of this sort which will be concerning the Government. While they are important, it will be clear to you that they imply no change in the general trend of our policy.

Trade problems have perhaps presented greater difficulties in our relations with the developing world. Here again, however, the Government's objective is clear, reasonably satisfactory means have been found, and there is unlikely to be any departure from the trend of policy, which is to create wider and more stable markets in the developed world for the produce of the Third World. Thus Canada will continue to support the various commodity agreements for tropical products. To this, the Government will add -- as the Minister of Finance reaffirmed in the budget speech -- legislation to permit the extension of a general preferential tariff on imports from developing countries.

In response to the needs of the developing world, therefore, the Government's answer is more aid, more effective aid, and improved access to Canadian markets.

Our response to the evolution of the Communist world has been forthcoming also, although in different ways. There has been a rapid and dramatic change in Canada's relations, both with the Soviet Union and with China, in the past two years. Both on the Canadian side and on the side of the Communist countries, there have been factors working for better relations. And the pace of change has no doubt been accelerated by rivalry between the Soviet Union and China.

So far as Canada is concerned, the effort to escape from the sterilities of the Cold War goes back many years, to the period in the Fifties after Stalin's death, when it seemed that a different sort of relationship with the Soviet Union might be possible. This period brought our first trade agreement with the Soviet Union, but it took years of carefully-increased contacts before the exchange of visits between Mr. Trudeau and Mr. Kosygin finally became possible. We had to work and wait for the Soviet Union itself -- driven, no doubt, partly by tension with China, partly by need for Western technology -- to arrive at the point where it was prepared to contemplate self-confident and more relaxed relations with the Western world, including Canada. In this sense, what some critics misunderstood last year as an unwelcome departure in Canadian policy was, in fact, the reward for a long period of prudent but imaginative effort. And it is interesting to see how the United States, with so many more complications to overcome, has been moving to place its relations with the Soviet Union on a similar basis.

So too with China. Our recognition of Peking a year and a half ago was another victory for an idea whose time had come. Again, there was a long and tortuous prelude of negotiation before success was achieved. Initial

success led logically on to the debate in the United Nations over Chinese membership. There, Canadian action was a key factor in opening the way for Peking to take the China seat in the Security Council and the General Assembly. And again, United States policy has since shown itself responsive to the same logic.

There could hardly be a better illustration of the Government's desire to diversify Canada's foreign relations than these changes in our relations with the Soviet Union and China. They have had an immediate effect on our trade relations with both countries. Canada's position, established earlier, as the first foreign source to which the Soviet Union looks to meet its wheat needs, has been confirmed. Now, through six commissions established under the Scientific and Technological Exchanges Agreement, Canada and the Soviet Union are working to expand trade in industrial goods. With China a rather similar development is taking place. Negotiations to establish a commercial air-service between Canada and China will begin shortly. In August, an exclusively Canadian trade fair will open in Peking, matched by Chinese participation in the Canadian National Exhibition in Toronto and "Man and His World" in Montreal.

The prospect is thus for an expanding and better-balanced trade with both the Soviet Union and China. But, on the most hopeful analysis, I would not expect this to be more than a useful element of diversification. I would not expect the sort of transforming effect on our trade patterns that the opening of the Russian and Chinese markets had on our grain trade. The two trading systems are more open to one another than ever before. But we still have a long way to go before we can sell with uniform success in the Chinese and Soviet markets. The Chinese and the Russians will have corresponding difficulty selling in ours. Whatever success governments may have in smoothing the way for expanded trade, the fact remains that these huge markets -- China especially -- will remain relatively poor. We can and will welcome expanded trade with them for its own sake. We can and will welcome expanded trade as an element in the general civilizing of East-West relations. Such improvements alone repay the work that has gone into transforming these relationships. But we cannot for the foreseeable future expect the present balance of our total trading relations to be much altered in consequence.

Obviously, the key trading relationships for Canada, in the future as in the past, will continue to be those within the developed industrialized world of Western Europe, Japan and North America.

To a country bent upon diversifying its markets, the new Europe which is emerging as a result of the enlargement of the EEC offers prospects of the first importance. The ten countries of the enlarged Common Market form the world's largest trading unit. Their total imports were valued at over \$70 billion last year. Getting on for \$3 billion of these imports came from Canada. The EEC countries last year took 17 per cent of our total exports, making the EEC our second-largest trading partner by a wide margin. Yet, despite its obvious importance, this is not a market in which Canada has been doing as well as it should. Our share of the market has, in fact, declined, and our exports have tended to continue to follow the older pattern

of primary goods. We have been less successful with our manufactures. Why this should be so is a bit of a mystery. Part of the answer may lie in Canada's industrial structure, industrial habits and industrial policy. The tax concessions announced by the Minister of Finance are plainly relevant to the solution of this sort of problem.

The Government can also help by pursuing its efforts to strengthen Canadian ties with the EEC. Until recently, the Community was too absorbed in sorting out its internal problems to have much energy left to reflect on how it would relate to countries outside. Leaders of opinion within the Community were too preoccupied to make some distinctions that were important to us here. It has taken persistent effort to persuade them that analysis that treats North America more or less as an economic entity is quite insufficient. It will take continued persistent effort to ensure that the Community remains outward-looking, and that the Community's success in enlarging itself is not bought at the price of excessive readjustment for Canada.

On these matters, I am, however, hopeful. We have succeeded in persuading the Community to look at its future relationship with Canada in its own right. With others, I think we can succeed also in ensuring that the Community does not become protectionist. But when we have done so, the task of exploiting the trading opportunities offered by the new Europe will still remain. At which point we say "Over to the private sector".

Our relationship with Japan offers similar scope for expansion and diversification. Japan will continue to be both Canada's largest market in Asia and Asia's largest exporter to Canada. It is the content rather than the volume of trade that remains a problem. As in the Western European market, Canada remains too much a supplier of raw materials and foodstuffs, too little a supplier of semi- and fully-manufactured goods, while Japanese exports to Canada have been almost entirely finished goods. Our long-term objective will be, with the assistance of Canadian exporters, to change the rather unsatisfactory traditional content of our trade within a framework of a general expansion. My colleague Jean-Luc Pepin, the Minister of Industry, Trade and Commerce, has recently had a notable success in promoting this objective. Recent Japanese moves towards trade and monetary policies appropriate to Japan's industrial status and prosperity are in the right direction.

Finally, above all, most important of all and most difficult of all, is our relationship with the United States. At several points in this address, I have pointed out how closely perceptions in the United States of the changing nature of the world's power structure have paralleled perceptions in Canada. I have also pointed out how much it is to Canada's advantage in a multi-polar world to have greater international elbow-room. To some extent, we owe it to the United States that we have this greater elbow-room; the United States has, in effect, created it for Canada and other countries by adopting a less ambitious concept of its world role. Canada and the United States have recognized, at much the same time and in rather the same way, the shift to the multi-polar world. Sharing a similar world view, we ought, one would think, to move easily with the Americans in the new environment.

Furthermore, we have some impressive recent evidence that President Nixon has reflected deeply on relations between the United States and Canada, and that he understands us pretty well. Last month, when he was in Ottawa, he said it was time for both countries to recognize: "...that we have very separate identities; that we have significant differences; and that nobody's interests are furthered when these realities are obscured". And he had some equally perceptive things to say, you may recall, about particular issues like foreign ownership.

Why is it, then, that relations between Canada and the United States seem to have been so bedevilled in the past year? In part, I think, the bedevilment is an illusion. In all sorts of old ways, and in some important new ones, the relationship has had a good year, appearances notwithstanding. For example, President Nixon and Prime Minister Trudeau signed the Great Lakes Water Quality Control Agreement during the President's visit to Ottawa. This agreement establishes a new framework of co-operation between the two countries. It creates a magnificent opportunity to remedy the harm two neighbouring industrial societies have done to one of their most precious shared assets. I would like to think that the fresh and imaginative approach to a shared problem is representative of the relationship at its best. And yet all this was worked out over the past year or so, when many were complaining that the relationship was at its worst.

If we are honest with ourselves, we will recognize also that a good deal that gets attributed in Canada to bad relations with the United States on examination turns out to be a purely Canadian problem. I must tread warily here, for I am dealing in intangibles. But it does seem to me that a part at least of the emotional steam which is generated over what are unquestionably valid problems -- like how best to organize the automobile industry in North America, or how best to admit development capital to Canada -- is attributable, not to the problems themselves, but to the burden of struggling endlessly in each new generation to create a successful relationship between two partners of such unequal size. The burden leads to frustration, and the frustration to anger; and the anger tends to vent itself on whatever current difficulties we may be experiencing, whether they deserve the outburst or not.

Please don't misunderstand me. I am not trying to say that problems don't exist -- that it is all in our minds. I think there is an element that *is* in our minds. But the problems undoubtedly exist too. Whatever else did we expect? You are fully conscious, I know, of the basic elements of the relationship. Total trade between Canada and the United States exceeds \$20 billion annually. Each country is the other's best customer. Yet the United States is ten times larger than Canada in population and more than that in GNP. *Per capita*, Canadian investment in the United States exceeds United States investment in Canada. But United States investment in Canada results in very high percentages of United States control in key sectors of the Canadian economy. Canada is obliged to struggle with all the problems created by foreign ownership of its economy on such a massive scale. For the United States, there is of course, no comparable phenomenon today -- although historically, as President Nixon recognized when he spoke to Parliament, the United States has experience of the problem.

While our approach to foreign investment in general and American investment in particular is and will remain a positive one, Canada is now in a position where Canadians can afford to be more selective about the terms on which foreign capital enters Canada.

It is in the light of this determination that the Government's new policy on foreign takeovers of existing Canadian business enterprises should be understood. Canada is a growing country that needs a capital inflow if its full potential is to be developed. The need is dispersed throughout the country and is felt more strongly in the Atlantic Provinces and the Eastern half of the Province of Quebec. As a result, there is no national consensus on the terms on which foreign capital should enter Canada. Therefore the new legislation, when it is passed, will not hinder the free flow of capital into capital-hungry areas and capital-hungry industries. It may impede the takeover of existing, viable Canadian enterprises.

About 17 per cent of the net annual capital inflow to Canada is used to purchase going concerns rather than to develop new industries or new units in existing industries. This kind of capital inflow may or may not be in the Canadian interest. The intention of the new legislation is to see to it that it is.

For instance, if the net effect of an American takeover is to export research and development from Canada to the United States, replace Canadian management with American management and take the enterprise out of the export market, Canada is the loser, and such a takeover would almost certainly be prevented by the new legislation. It is important to note, however, that the procedure under the new act is to be one of review and assessment, and I hope that, in the vast majority of cases, a process of negotiation would result in approval of the takeover on terms which respond to Canadian interests and priorities.

No reasonable person could suggest that the proposed legislation is xenophobic or even unduly restrictive. But we are determined that foreign interests will no longer be free to buy up Canadian enterprises with a view to closing them down and substituting imports for their production or reducing their role as exporters in world markets, closing down research facilities or otherwise reducing them to branch-plant status.

In discussing foreign ownership, I have tried to point out how the problem is rooted in the economic relationship between the two countries. I have suggested that Canadians can now afford to be more selective about the terms on which they admit foreign capital into the country for the purpose of taking over Canadian enterprises. When the time and the circumstances were right, Governments in the past have acted with similar discrimination -- to protect sensitive sectors like broadcasting, banking and newspapers, for example. I look upon all such measures, including the present one, as part of a continuum. So deep-rooted a problem is not going to go away. It is not going to be solved through the miraculous application of some one-shot cure-all. What makes sense as a refinement or development of policy will change with time. A cool appraisal of the national interest will always serve us well on this sort of issue; strident nationalism, never.

The current trade differences between the United States and Canada should be viewed in the same spirit, I suggest.

What is involved is not a confrontation between two opposing philosophies of trade. What is involved is not primarily a disagreement as to objectives. There is even a wide measure of agreement as to the facts. The points at issue are matters that concern in the main the working of an agreement relating to automotive trade which goes to the root of the unique economic relationship between our two countries.

This is why the differences are difficult to resolve. We are dealing with the operation of multinational companies owned in the United States and producing in both the United States and Canada and supplying the North American market. How are these operations to be carried on in the most efficient manner with the fewest constraints to trade to the advantage of both countries? How is production -- and thus employment opportunity -- to be divided so that each of us will have his fair share?

These are the questions we have been trying to answer for many months, long before August 15, when the New Economic Policy of the United States was announced.

It is an important question, but it does not involve a fundamental difference of principle in trade policy between Canada and the United States. It would indeed be ludicrous if there should be a serious rift in relations because of the difficulty in reaching agreement about the future of the automotive agreement which has been so beneficial to both sides.

Such a rift would be all the more regrettable when the Government has made plain that Canada understands and sympathizes with the United States Administration in its desire to correct certain fundamental imbalances in international monetary and trade relations. Canada made its contribution to the correction of some of these imbalances -- for example, by floating the Canadian dollar and by advancing tariff reductions under the Kennedy Round many months before the United States announced its New Economic Policy. The Government was prepared to go further. It made an offer to the United States Government. Each side has agreed to review its position with a view to reopening negotiations, although, so far as the Government is concerned, it has no apology to make for its earlier offer -- a fair one, which the United States rejected.

These renewed negotiations between Canada and the United States will be only a part of the search for further liberalization of international trade, a search in which Canada would wish to see all of the world's trading nations engaged, even as they seek to protect their own essential economic interests.

In this endeavour, the whole trading world will be looking to the United States for responsible and effective leadership. Recent statements by President Nixon suggest that longer-term United States economic interests call for the pursuit of the objectives of freer international trade and capital investment and for an orderly and effective international trading and monetary system, reformed and adapted to the new international situation.

And this suggests that the United States, far from turning inward, is reasserting its leadership responsibilities and charting a course for future trade liberalization that serves its own interests and those of all trading nations. In the pursuit of such policies the United States can be assured of Canadian support.

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STATEMENTS AND SPEECHES

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MAR 15 1972

No. 72/12

THE CANADIAN FOREIGN SERVICE

Comments by Mr. Marcel Cadieux, Ambassador
of Canada to the United States, at Fletcher
School, Boston, on March 14, 1972.

* * * * *

The foreign service is the instrument through which a government represents itself abroad. I propose to interpret "foreign service" broadly to encompass all civilian government activities abroad, although I shall focus on the function of the career foreign service within such activities. A government's strategy or broad policy framework is represented in national aims or goals as postulated from time to time. In the years ahead, the foreign service will, I suspect, concern itself more with the broad area of tactics than with the formulation of policy. Long gone are the days when diplomats created policy on their own -- the memoirs of the eighteenth- and nineteenth-century diplomats, while interesting and often entertaining, are largely irrelevant as guides for action today. The ease of foreign travel and the speed and security of communications have changed the role of the foreign emissary, but I should emphasize that it has not diminished his importance. The key word is change.

Diplomacy has been called both an art and a science -- among other things. It purports to come in a variety of forms -- new, old, active, quiet, dollar, open, nuclear, -- and no doubt we shall hear of additional types in the years ahead. In essence, it is negotiation, and the objective of any one serving his country abroad is the protection of his country's interests -- ensuring that actions taken by other countries will be, it is hoped, beneficial to but at least not injurious to those interests.

The present, to those living through it, always seems to be either a "period of transition", which may be a euphemism for not having any clear idea where we are headed, or a "watershed" consisting of one or more historic decisions or events. In retrospect, historians have little difficulty in distinguishing periods of transition from watersheds, although no one would deny their capacity for argument about the significance of one or the other. In dealing with the present, the problem is complicated not only by the lack of perspective and the involvement in current events but by the fog of rhetoric that surrounds virtually all policy statements. On basic goals most countries -- at least those with democratically-elected governments -- are in broad agreement.

Where there are differences is in the means of achieving those goals -- that is, in the broad sense, in tactics. As I said earlier, it seems to me that tactics are what the foreign service will be primarily concerned with in the future. If you accept that, then perhaps you will agree that the role of the foreign service has changed rather than diminished in importance.

Well, where does Canada, and the Canadian foreign service, fit into all of this? Canada is a small country and, though we are better off than most other countries, when it comes to the matter of power we are definitely not in the big leagues. We are, however, entering into a period where the postwar centres are shifting. The pre-eminence of two nuclear super-powers is likely to remain without serious challenge in the strategic area for this decade at least, but there are new and vital power centres developing in the Far East -- both China and Japan; South Asia is really no one's "sphere of influence"; and, clearly, the possibility of the current phase of European integration, leading to greater cohesion as an independent power centre, is an element of signal importance. The major international issue will clearly continue to be world security and the means of reducing and, one hopes, eliminating the causes of international tension. That will be a long and difficult job, requiring patience and dedication and involving the leaders of major countries. There will, however, be ample scope in the new multi-polar environment for smaller powers such as Canada to contribute to negotiations leading to a safer world.

This international focus at the highest level on security questions will not diminish the great importance of a host of other issues. In the Canadian foreign policy review published in 1970, it is stated that foreign policy is the extension of domestic policy into the foreign environment. That gives a key to what working in the Canadian foreign service of the Seventies is likely to be about. It will increasingly be concerned with problems that affect the lives of people directly -- economic security, the quality of life, education, problems of the environment. Many of these problems have a global dimension, and are of concern to people and society generally as much as they are to nations. With the great increase in travel, in informal exchanges among professional groups -- scientists, economists, engineers, educators --, the international scope of such problems is underlined. I am sure, in your studies here, you are reflecting about how the many political, social and economic problems might be tackled internationally in the future. If peaceful change in the international environment is to be achieved, it may well come from below -- from continued expansion of the kinds of informal exchange I have been talking about, through which a genuine and comprehensible community of interest could develop to provide the underpinning of solutions of major security issues.

Canada is struggling not only with the many and familiar problems of modern society, social, economic, and political, but is also struggling with the working-out of a viable and genuinely acceptable relationship between two major groups -- French-speaking and English-speaking -- based on equality of status, opportunity and influence, and this is clearly reflected in Canada's foreign policy. Some want other solutions -- separation, for example -- but they are clearly in the minority. I do not wish to be presumptuous, but it seems to me that the Canadian experience in trying to work out a harmonious

and beneficial relationship between two large linguistically and culturally distinct groups within a democratic framework has relevance not only for other countries where the population is not entirely homogeneous but also for the conduct of friendly relations among states.

A country's foreign service is really only a reflection of the country itself. During the postwar decades, Canada enjoyed a preferred position. We had emerged from the war materially unscathed and militarily, economically, stronger than ever. Our relative power in the world community was far greater than it had ever been, and this was reflected in the active part played by Canada through its foreign service in contributing to European recovery and the establishment and development of multilateral bodies such as the United Nations and NATO. It was, however, not a position that could be sustained. The rehabilitation of Europe, the growth of Japan, the re-emergence of China and the independence of colonial territories have all contributed to making the world of today far different from what it was only a decade or so ago. Accordingly, the Canadian foreign service has had to adapt to the new world situation and the Government's perception of Canada's place in it. I should like, therefore, against the hastily-sketched background I have given, to focus on the make-up of the Canadian foreign service, particularly those elements that, if not unique, tend in total to make it somewhat different from other foreign services.

First of all, the Canadian foreign service is relatively new. An illustration of this is that there is no shelf of memoirs or personal reminiscences equivalent to the various "Farewells to Foggy Bottom" written by United States foreign service officers. Even if such a library of Canadian memoirs existed, the content would probably not be very dramatic, because Canadian diplomats in the two decades after the Second World War tended to work diligently but quietly out of public view trying to find solutions, to act as the "honest broker" between competing powers. This role has been categorized in the recent foreign policy review as that of the "helpful fixer" and is a role dismissed as no longer relevant.

The Department of External Affairs was set-up by an Act of Parliament in 1909. Its mandate was described in sufficiently broad terms to permit an empirical approach to the development of the Department's functions within the Government. The service only really began in the 1920s, and then in a rather halting way. The expansion of representation to major countries continued until the outbreak of the Second World War. The really significant expansion began after the War, and at present Canada is represented in well over 100 countries. One result of this rapid expansion in recent years has been a general lowering of the average age of members of the foreign service. There are at present about 725 foreign service officers, about 500 in the Department of External Affairs and 225 in the Department of Industry, Trade and Commerce. With regard to the Department of External Affairs, approximately 55 foreign service officers were recruited in 1971, somewhat more than 10 per cent of the total strength, and a like number is anticipated for the current year. Apart from 1970, which was a year of particular austerity, the average intake of officers over the past six or seven years has been between 35 and 40. You will appreciate that, despite resignations, retirements and so on, such relatively large intakes over a short period into a numerically small service inevitably result in a general lowering of the average age of the service.

A second factor of some importance is that the Canadian foreign service is "career rotational". The normal entry is at the training or probationary level, which has an upper age-limit of 31. The majority of entrants are in their mid-twenties and enter the service directly from university, often with postgraduate training. The classification system was recently changed, with a reduction in the number of officer levels from ten to the current five, plus a training level. This reduction in the number of levels, combined with broad pay-bands, provides management with flexibility in the employment of its personnel and tends to obscure marginal differences in rank. Rates of pay will be based on performance rather than automatic progression based on years of service through specified pay-bands. It seems that officers determined to make a career in the foreign service have the opportunity, through outstanding performance, of moving ahead quickly, since the sole criterion for advancement is merit.

The fact that the service is "career" is perhaps best illustrated by the fact that the number of appointments to senior positions from outside the service is small. There have, of course, been such appointments over the years, but these have been exceptions that prove the general rule. The percentage of such appointments is nowhere near as great as that within the United States system. Ambassadors do not, for example, submit their resignations automatically when a new Government takes office. The prime virtue of this system is that it provides recognizable goals for capable young people entering the foreign service. It permits officers to decide after some years of experience of the life and work in the foreign service whether they wish to continue on to seek known goals or to seek careers elsewhere in the public service or in private life.

The service is also rotational -- i.e., officers are expected to serve both at home and abroad and the tendency seems to be towards roughly equivalent time in the two environments. Service in Ottawa involves work throughout the public service, not just in the Department of External Affairs. The number of secondments from the foreign service to other Government departments and agencies -- and more recently to universities -- has steadily grown. Secondment of public servants into the foreign service for two- or three-year terms is expected to grow. This is a reflection of the wide variety of domestic interests to be served abroad for which exposure to the totality of Canadian Government operations is both necessary and valuable. Since the Canadian foreign service is simply a part of the wider public service and not a distinct body established by legislation, as is the United States foreign service, foreign service officers in Ottawa are under precisely the same terms and conditions as those working in other government departments. This serves as a useful cathartic for those who might otherwise become obsessed with the status and perquisites of the diplomatic syndrome -- not nearly as impressive, by the way, as the popular press would lead one to believe.

A third factor is integration of all Canadian Government activities abroad. The foreign policy review to which I referred earlier provided a conceptual framework for thinking about policy that illustrated the interrelationship of policies and programs. Because of this interrelationship, the means of implementing policy must be co-ordinated. The Government thus decided that steps should be taken to integrate foreign operations in a systematic way.

I do not propose to go into detail, but in essence a system of "country programming" has been established with the head of post, the ambassador, designated as the manager of Canadian operations in a particular country. This may all sound pretty obvious, but the tenacity of Government departments in holding on to their own personnel and in regarding members of their departments serving abroad as representatives of their respective departments and not of the Government as a whole should not be underestimated. In essence, we are in the process of instituting a system of programming in which each post abroad has clearly-defined objectives (which it has a part in establishing) and is provided with the personnel and resources to achieve them. The difficulty of programming foreign relations is, of course, accepted (unforeseen events, changes in policy or emphasis, can require rapid shifts in priorities and in how personnel and resources will be employed), but for day-to-day operations the development of clearly-understood objectives is desirable, not only from the point of view of providing a basis for judging how scarce government resources are being used but also as a means of appraising the performance of personnel in meeting the objectives. This attempt to develop a policy-programming system in the foreign service is proceeding pragmatically, with no preconceived ideas as to its absolute utility to foreign affairs operations, which are often more qualitative than quantitative.

A fourth factor of significance to the development of the Canadian foreign service is that we now have collective bargaining. As a result of legislation adopted in 1967, collective bargaining was instituted throughout the public service. Foreign service officers, accustomed to negotiating on behalf of their Government, suddenly found themselves involved in negotiations with the Government on the terms and conditions of their employment. There was a good deal of soul-searching about how to adapt to the collective-bargaining situation. Ultimately, it was decided to establish a professional association, which, in accordance with the legislation, was recognized by the employer (the Government) as the sole bargaining agent for the foreign service officers of the Department of External Affairs and the Department of Industry, Trade and Commerce. It was not an easy time, since many FSOs considered themselves to be members of a dedicated profession prepared to work 24 hours a day, if necessary, to achieve whatever results were required either at home or abroad. The idea of working a precise number of hours and in certain circumstances being paid for overtime required some getting used to.

The fact that the service is so small caused other difficulties. For example, the legislation required the exclusion from the collective-bargaining process of those designated by the Government as managers. This resulted in the exclusion of a large number of officers, generally the more senior ones, serving as heads of post abroad or as supervisors at home. A number of anomalies occurred and still do. For example, many Canadian missions abroad are very small, with an ambassador and perhaps only one or two other officers and support staff. When the ambassador is away from the post, an officer, often relatively junior, takes over as manager and then reverts to his normal role when the ambassador returns. Within the Department in Ottawa, responsibilities tend to go very far down the line on the many complex issues with which foreign service officers deal. It is really not practicable to have rigid and, in fact, artificial distinctions between management and non-management.

A further point of some interest is that, through managerial exclusions, the pool of officers available to form the executive of the staff association is small and with a majority of young junior officers. The possibility of the association becoming a divisive factor within the service, representing not the service as a whole but only the more junior element, is a matter of concern to the whole service. It has been generally accepted that an adversary relationship between management and the general body of officers (all potential managers) would be detrimental to the service. Nevertheless, the collective-bargaining process itself imposes a certain separateness, which has required careful handling. In any event, the implications of collective bargaining in the foreign service are still being studied, and we have been working in a pragmatic way to fulfil the requirements of the Government's collective-bargaining legislation, and thus far the mutual-education process of management and the association has, I think, been of benefit to both. The Government itself has been re-examining the collective-bargaining environment and a Government study released in 1971 made a number of recommendations based on an examination of experience since the legislation was adopted. One of the study's recommendations was that the foreign service group in its entirety should be excluded from the collective-bargaining process. No decisions have yet been made, but I think the recommendation itself illustrates that the difficulty of applying a trade-union technique to a professional career foreign service has been recognized.

Another important fact about Canada to bear in mind that affects the foreign service is that Canada is a federal state. There are many such states in the world. What is peculiar to Canada is that, internally, power and jurisdiction are strictly divided between the Federal Government in Ottawa and the ten provincial governments. Compared, for instance, to the states in this country, the provinces of Canada have considerably more power and influence in national affairs. This division of jurisdiction provides room for vigorous and endless political arguments between the national and the provincial authorities. Although the Fathers of Confederation in 1867 envisaged a strong Federal Government, the influence of judicial interpretations of the Privy Council in London in subsequent years tended to favour the provinces, and this relative power tended to increase. As might be expected, disputes between the two levels of government have focused on the sharing of the tax pie. The game is for the provinces to induce the Federal Government to raise taxes - the unpopular part - and to let them, the provinces, spend the proceeds as they like - the popular part.

Externally, this division of jurisdiction also has consequences. In matters coming under provincial jurisdiction, the Federal Government is not in a position to bind the provinces through international agreements unless the provinces concur. Furthermore, there has been some controversy as to whether the provinces have in external affairs some jurisdiction of their own. As a federalist I have no doubt myself that, essentially, Canada is one country and the Federal Government has the monopoly of jurisdiction. This view has been contested by some governments, particularly that of Quebec, and has led to some complications in our relations with certain other countries. For the foreign service it is vitally important that the areas of jurisdiction be understood and that co-ordination on matters in the foreign affairs field of interest to both levels of government be careful and as complete as possible.

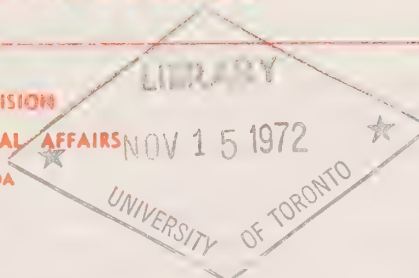
Finally, and perhaps the most important factor, the Canadian foreign service as a reflection of Canadian society is a bilingual service. Canada has two official languages, English and French, and Canadian Government departments are required to serve the public in the language of its choice. It has always been recognized that knowledge of languages in addition to one's native language is a useful attribute for persons in the foreign service. The Department of External Affairs has for many years, even before the recent legislation was passed, been in the forefront of the effort to enhance the position of French as a language of work in the public service. Much of the correspondence between Canadian missions abroad and the Department has for many years been conducted in either English or French, depending on the wishes of the originating officer. The management of the service also led the way in trying to ensure that, in general, the proportion of French- and English-speaking Canadians in the service would be roughly equivalent to their proportion of the total population. This was done in accordance with the basic tenet of the foreign service that admission and promotion should be solely on merit. In the early days, it required a considerable effort on the part of the Department to encourage able young French-speaking Canadians to join the Department in Ottawa, since Ottawa was far less amenable to bilingualism than it is today. Nowadays, following the adoption of the Official Languages Act, the Government is spending a great deal of time and money in providing language-training programs in English and French, and the Department of External Affairs has expanded its own already substantial activities in accordance with Government policy. A recent development was the designation of certain divisions in the Department as French-language units -- that is, all work within such units would be carried out in French. There are several units within each department in the Government and the objective is to encourage the development of French as an equal language of work. I think you will appreciate that a prerequisite for working in the often complex area of foreign affairs is dedication to accuracy. For officers to be able to work accurately in two languages is a good deal more demanding than simply being able to converse in them.

The factors I have outlined to you combine to make work in the Canadian foreign service stimulating and rewarding. The Canadian Government is working in a pragmatic way to determine the right scale and focus for Canada's involvement in an increasingly interdependent world. The foreign service as the primary instrument for executing Government policy in the external environment is contributing to the progressive definition of that scale and focus as a reflection of Canadian society as a whole.



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 72/13

THE ISSUE OF FOREIGN INVESTMENT

Part of a Speech by the Honourable Jean-Luc Pepin,
Minister of Industry, Trade and Commerce, to the
Chamber of Commerce, Victoria, May 8, 1972:

* * * *

British Columbia, like the rest of Canada, has generally welcomed, as we shall continue to welcome, the addition from the outside of capital, technology, and management to help develop Canadian resources.

Partly because of that "open-door" policy, Canadians have come to enjoy... and take for granted... many advantages -- including our high standard of living.

Quite naturally, concern over our ability to direct our own economy has risen along with the degree of foreign ownership.

Most Canadians remain ambivalent on the subject, but, according to one recent survey, almost 44 per cent of us view American ownership of Canadian companies as having an adverse effect on our economy. This compares with 41 per cent two years ago, and 34 per cent three years ago.

Strangely enough, while Ontario is normally considered Canada's centre of "economic nationalism", the same survey found that the greatest anxiety actually exists in British Columbia, where 53 per cent of the public said U.S. ownership was a "bad thing" (University of Windsor, International Business Studies research, sample 5,000 Canadians).

The Federal Government shares this concern -- hence the thorough examination, hence the announcement of May 2.

Screening, Another Step

Canada has, in the past, adopted a number of measures to maintain and foster Canadian control.

Foreign investment in banks and other key financial institutions, broadcasting facilities, newspapers and magazines is subject to specific laws effectively keeping them under Canadian control.

On the positive side, the present Government has set up the Canada Development Corporation, which will play an active role in developing strong Canadian-controlled businesses. The previous Government had set up the very successful Panarctic [Panarctic Oils Limited].

The tax reform of last year contained several measures deliberately designed to reach the same objective. I refer, for instance, to the 10 percent limit on investment abroad by Pension Funds, and to small-business tax advantages available to Canadians only.

Now another step is taken: the screening of takeovers.

The Policy

Foreign companies seeking to buy out or take over an existing Canadian business above a certain size will be screened.

The purpose will be to examine the proposals; to approve those that, on balance, will bring "significant benefits" to Canada; to negotiate with the proposed acquirer in those cases where he can reasonably expect to make a greater contribution to Canadian development; and to refuse to allow those takeovers that would not bring significant benefit to Canada.

Five factors will be taken into account:

- (1) the effect of the acquisition on the level and nature of Canadian economic activity and employment;
- (2) the degree and significance of participation by Canadians;
- (3) the effect of the acquisition on Canadian productivity, industrial efficiency, technological development, product innovation and product variety;
- (4) the effect of the acquisition on competition within Canadian industry or industries; and
- (5) the compatibility of acquisition with Canadian industrial and economic policies.

Some commentators have expressed regret at the generality of these factors. We couldn't help it. Right or wrong, criteria would have had to be too general; if made specific, they could be counterproductive (e.g. money inflow).

Why the Executive Branch?

Some have wondered why screening by the executive branch and not an independent tribunal?

The question to be answered in the screening process is not a legal one at all; it's basically an economic one -- with social and political considerations.

Two ways of doing it were left -- screening by a board or commission, or by a department. In both cases, the Minister and Government are "responsible", with different degree of autonomy for the instrument. We compromised -- there will be an office of takeovers in the department, with a "registrar" leading it.

The office will use the knowledge and judgment of the nine specialized branches of Industry, Trade and Commerce and of other departments, Energy, Mines and Resources, Finance, etc. Had we set up a semi-independent commission, it would have had to create another centre of competence, bringing about costly and unnecessary duplication.

Why not More than Takeovers?

Why not extend the screening process to all forms of foreign investment, for example?

It was not judged to be politically practical and economically realistic -- in principle by some, or at this time by others.

* * * *

There was also the problem of administration. The complexities of screening 150 cases a year for "significant benefits" should be easy to imagine.

* * * *

And there is no single way to increase the control by Canadians on their economy; just a few weeks ago, for example, my Department announced support for management training and for export marketing which will be used mostly by Canadian-owned firms.

How Important is the Decision to Screen Takeovers?

It has been observed that takeovers represent a fairly small portion of foreign investment, between 5 and 20 per cent, only, annually.

I suggest that the establishment of the principle and of the apparatus for the screening of takeovers is a major development. The "standards" applicable to the screening of takeovers will sooner or later influence all foreign ownership. I call that the "exemplary value" of the new system.

Some have argued that the takeover law means little, because foreign firms can still enter the country directly and run a Canadian company

out of business. Yes, but this would be done by direct competition, which means that the new company has out-performed, to the advantage of Canadian consumers, the existing Canadian operation. In most cases, there will be room for both.

The Interim Period

Questions have been raised over a possible flood of foreign take-over occurring before the policy becomes law.

I hope this will not happen. Foreign investors are now well aware of the Government's intentions. Even in recent months, the Government has been voluntarily informed of many proposed acquisitions; I trust that companies contemplating important takeovers during the interim period will keep the Government advised.

* * * *

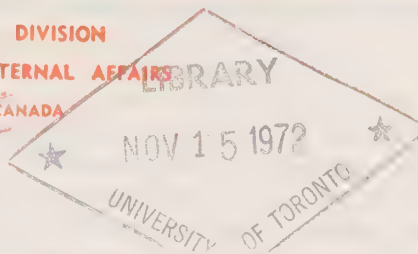
While there will always be a wide range of opinion among Canadians about the actual balance between the benefits and costs of foreign investment, there is certainly no disagreement with the proposition that foreign direct investments should work in our best interests. The main purpose of the screening process will not be to block -- though there will be some refusals -- but to optimize the Canadian interest.

S/A



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA CANADA



No. 72/14

THE ROLE OF THE FEDERAL GOVERNMENT

IN CANADIAN URBAN AFFAIRS

A speech by the Honourable Pat Mahoney, Minister of State (Finance), to the Sixty-sixth Annual International Conference on Public Finance of the Municipal Finance Officers Association of the United States and Canada, Denver, May 29, 1972.

...Canadian federal policy reflects a recognition of the difficult and challenging responsibilities of municipal governments; it recognizes also the vast size of our country, and the differences in culture, attitudes and expectations, from Newfoundland to Quebec, and from Ontario to British Columbia. In other words, it is not a policy based on strong central power which seeks to impose its will on other levels of government. Rather, it is one that acknowledges the important role of provincial and municipal government, that accepts that each level of government has different responsibilities, that these responsibilities at times overlap, and that sound public policy will be developed only if all levels of government are conscious of, and respond to, both these facts.

Canada - An Urban Society

Two overriding facts about Canada are apparent. The first is the sheer size of the Canadian land-mass; the second is the relative thinness of population. In our almost four million square miles there live only 22 million people, barely one-tenth of the U.S. population.

Our largest cities are inevitably much smaller than America's largest cities. The metropolitan areas of Montreal and Toronto have populations of around two-and-a-half million; Vancouver has perhaps one million inhabitants. The populations of Winnipeg, Calgary, Edmonton, Hamilton, Quebec City and Ottawa vary from about 400,000 to 600,000.

And yet, and this is the first point I wish to stress, Canada is becoming progressively and rapidly more and more an urban society. One hundred years ago eight of ten Canadians were directly or indirectly engaged in agricultural pursuits. At the turn of the century fewer than four of ten Canadians lived in urban centres. During the first third of the century,

migration from country to city was slow but steady. The 1941 census showed, for the first time, less than half our population living on farms or in villages of 1,000 or less. Today it is less than one-quarter.

Furthermore, it is our largest cities in which the rate of population growth is most rapid. Various projections suggest that Toronto and Montreal will both have populations in the range of roughly five to six-and-a-half million people by the year 2001. And, in the case of Toronto, such growth would almost inevitably result in that metropolitan area's running into nearby urban areas, creating a situation not unlike that in parts of your country, where one city is more or less continuous with others, with little or no space in between.

While our largest cities are not quite in a class with the largest U.S. cities, and even our most overburdened city fathers do not yet face the magnitude of the problems of those responsible for municipal government in New York, Chicago, or Los Angeles, our lists of urban problems are not dissimilar. You know the issues better than I: The quality and quantity of housing, particularly for low-income families; provision of primary and secondary education of a reasonable quality and with due regard for equality of opportunity from district to district; adequate police and fire services; water supply; sewage treatment; street construction and maintenance, which can be particularly difficult in our northern climate; urban transit; recreation; garbage disposal; land-use planning in the teeth of conflicting demands for industrial and commercial growth, on the one hand, and preservation of environmental values, on the other, and so on. And, beyond these essentially physical and more traditional problems, there is the still more difficult issue that has come more and more to the fore in recent decades -- the grave concern about loss of individual identity and lack of participation by the citizens of "Megalopolis", to which is attributed not a small part of the social unrest and assault on established institutions which so frequently make today's headlines.

For the smaller urban municipalities, and the rural municipalities, the "mix" of problems may be somewhat different, and perhaps less complex. The circumstances, and the problems, of these smaller municipalities are not changing nearly as rapidly as those in the large urban areas. Local governments dealing with them have had the opportunity, over time, to get used to them and to understand the dimensions of the issues. But in the megalopolises which have been grown in our lifetime, the problems are on a genuinely new scale. For us, in Canada, they are just beginning to assume the proportions which they have had in the U.S. for the past 20 to 30 years. And so we learn, or try to, from your successes and failures.

In the long run, some limitation may have to be put on the size of our metropolitan areas. That, in itself, will present a very new and different problem in a society where freedom of movement is accepted as an important individual right -- a right that has been exercised mainly in favour of movement to where the action is -- the big cities. At present, Canada's Federal Government is trying to influence the growth in large cities much less directly. Special programs have been designed to encourage economic growth in the poorer

parts of our country and various forms of fiscal transfer are made to these same regions to ensure a level of public service by provincial governments which is up to the national average. Our hope is that these policies will lessen the need for young people in the outlying provinces and regions to leave home and head for jobs in Toronto and Montreal.

These are, however, long-term objectives. In the meantime, we must cope with the existing problems of our cities -- the pressures on the central core which have made them less and less hospitable places to live in or visit. When this process sets in, as we know, those who can afford it move out to the suburbs. The transportation system, public and private, is then expanded to accommodate the suburban commuter and roads and exhaust fumes replace parks and expropriated housing. Perversely, the improved transportation encourages further moves to the suburbs and thus more pressure is put on roads and more commuters. Traffic increases, traffic jams, are commonplace, noise levels in the core rise, air-pollution increases, and so more people get out. The tax-base declines, leading to badly-financed schools and inadequate local services for those who remain. Before long, a self-perpetuating slum has been created.

Moreover, this process of urban deterioration is not exclusively a physical one. Rather, when it sets in, it is typically accompanied by a parallel deterioration in individual and group attitudes and behaviour. Although alienation and the questioning of contemporary values is by no stretch of the imagination the exclusive prerogative of the urban poor, the human product of the megalopolis environment is, in fact, frequently the alienated and embittered younger generations, who see little reason to play by the rules of the wider national society in which they live.

In other words, the urban problem is both physical and human, with the physical setting of the city exerting a major influence on those who live in it. This incomplete description of urban decay is, of course, not a new one. Nor has this process taken serious hold in Canada. But we fear it and we are determined to do our best to prevent it.

Municipalities under the Canadian Constitution

But the Federal Government is not free to intervene in the urban process and municipal affairs as fully and directly as some might wish. There is an important constraint upon us. Under the British North America Act, municipal governments are the creatures of the provinces. Municipal institutions are established by provincial law and lack the power to raise tax revenue or to borrow, except in so far as the provinces allow them to do so. Even the power to issue licences is constitutionally under the authority of the provincial governments. One of the hottest interjurisdictional battles in Canada in the last decade was the futile effort of Vancouver's City Council to get a bicycle-licence hike from 50 cents to a dollar past the B.C. Legislature -- a body by no means unique in our North American experience in the gross under-representation of urban citizens.

As I understand it, this places American and Canadian municipalities in similar positions, in that they operate on a most limited tax-base.

But there is also an important difference. I am told that, in the U.S., the Federal Government frequently deals directly with the municipal authorities; indeed, many states have provided "constitutional home rule" for larger cities. In Canada, the Federal Government seldom deals directly with municipalities.

There is another important consequence of the powerful provincial governments we have in Canada. It has helped us to prevent or overcome one of the most difficult aspects of the U.S. urban scene -- the splintering of jurisdiction among competing local governments. In Canada, most provinces have been able to provide vigorous and imaginative leadership in the creation of metropolitan and regional local governments, with responsibilities for area-wide planning and administration.

Federal Policy

During the greater part of the postwar period, a very important, and certainly the most visible, federal intervention in urban Canada was in pursuance of our national housing policy. The role has been more one of stimulating and complementing the private sector and other levels of government, rather than assuming prime responsibility. The Federal Government has sought to increase the flow of mortgage money and to encourage lenders to make loans available to prospective homeowners on better terms than those provided by normal market forces. The Central Mortgage and Housing Corporation, created in 1945, has been responsible for this and most other aspects of federal housing policy.

The Central Mortgage and Housing Corporation insures mortgage loans available from approved lenders to individual homeowners, builders and special groups such as co-operative housing associations and farmers. It may also make direct loans to aspiring homeowners and builders where, in its opinion, insufficient loans are available from approved lenders. Both programs are designed to have their main impact on low- and middle-income housing.

Other aspects of housing policy are linked more closely to other levels of government. In co-operation with provincial governments, the Federal Government has helped to finance new housing, and the purchasing and rehabilitation of existing housing for low-income families. As a complement to this, Central Mortgage is also empowered to make long-term loans to a province or local authorities for the provision of housing accommodation.

Close to half of the country's present stock, of approximately 5.9 million houses have been built since the first legislation was enacted. Of these, about one-third were financed in one way or another under the federal housing legislation.

However, the Federal Government has become concerned that this may not be enough, in view of the enormous demand for housing anticipated over the next decade. The Government has, therefore, introduced legislation in the House of Commons to create a mortgage-exchange market, an institution which has

been lacking in our country. A central exchange is to be established and a government agency, the Residential Mortgage Market Corporation, will act as a buyer or a short-term lender, taking mortgages as security, making mortgages more liquid and attractive and thus encouraging more investment in housing. Amendments to the National Housing Act will also be introduced soon, which will provide Federal Government assistance for the rehabilitation of the existing city-core housing which will concentrate on upgrading existing neighbourhoods rather than tearing them down and starting from scratch.

Another area of direct federal assistance to municipalities has been the financing of programs aimed at the elimination and prevention of water and soil pollution. Here again, Central Mortgage has been the instrument used by the Federal Government. It is authorized to make loans to provincial or local authorities for the purpose of assisting in the construction or expansion of sewage-treatment projects. Very substantial sums have been loaned to municipalities under this program. In addition, over \$14 million in previous loans was written-off last year, owing to a statutory provision which allows CMHC to forgive one-quarter of these payments.

Furthermore, there is a new aspect of federal policy which I should mention. Last year, a federal Cabinet-level agency was created, the Ministry of State for Urban Affairs. This followed a detailed study of urban Canada, including a review of federal urban policy. I indicated a moment ago that housing was a most important, and the most visible, federal intervention in urban Canada. Lest you think it the only one, I should tell you that our urban study disclosed 27 different federal agencies and departments sponsoring 117 programs which affected urban life, and without systematic effort at policy co-ordination. Equally unsurprising and important, it was found that there had been little co-ordination between federal, provincial and local governments.

The basic task of the Ministry is to study critically the federal policies and activities affecting urban Canada: housing pollution, transportation, social assistance and the numerous other fields which help shape the growth of a city -- and to help pull these activities and policies together -- to co-ordinate existing and developing federal policies, to the end that they complement rather than contradict each other.

Although the Ministry acts strictly within the areas of federal jurisdiction, it is also responsible for developing the tools and techniques of effective co-operation with other levels of government.

Thus the threefold mission of the Ministry is: to evaluate and review federal policies in the context of their urban impact; to co-ordinate existing and planned federal policies; and to establish a link with the other levels of government whose programs influence urban life.

Federal Role in Municipal Finance

There is no easy way that the Federal Government can intervene directly to improve sources of municipal finance. The British North America Act

gives the Federal Government authority to raise taxes by any means whatever. Provincial governments can levy direct taxes only and can, of course, delegate to municipal governments all or part of that right. The Federal Government can delegate nothing directly to municipalities.

The heavy dependence of municipalities on the taxation of real property is something of a North American phenomenon. Canadian property taxes, for example, only a few years ago were providing well over half of local revenues. Even today, around 45 per cent of all municipal revenues come from this source, including revenues which are transferred from other governments. In absolute terms, revenues from property taxes in Canada appear to have increased more than fivefold over the past 20 years.

But there is also a growing recognition in Canada that there are limitations on the use of property tax as a revenue source. In part, this may reflect a feeling that relatively less dependence should be placed on regressive forms of taxation; in part, it may be based on a reluctance of elected municipal officials to overburden their rate-paying electorate. Whatever the motive, municipal governments are looking elsewhere for more and more of their needs.

At the same time, and despite the occasional exception, the wide range of other local taxes which has been collected at one time or other in the past -- amusement taxes, sales taxes, animal taxes, telephone taxes and so on -- have either disappeared or have been swallowed up by provincial governments. So most of our municipalities find little revenue from these sources. And, unlike some states, the Canadian provinces do not now provide Canadian municipalities with the authority to levy income taxes.

The other means whereby municipalities try to finance their needs is through borrowing, occasionally on the capital markets. Municipal borrowing is governed by provincial law and varies from one province to the next. In some provinces, municipal borrowing is facilitated by provincial agencies, which purchase debentures of smaller municipalities at better rates than the municipalities might otherwise obtain. Market-financing by municipalities has increased much more slowly than the growth in municipal expenditures in recent years, perhaps, in part, because of heavy provincial competition for debt capital and in part because of the growth in other forms of financial assistance provided to the municipalities, about which I shall have more to say in a few minutes.

There is thus, under the Canadian constitutional setting, and in view of the tendency of provincial governments to occupy tax fields which municipalities might wish to use, a severe limitation on the amount that the municipalities can raise from their own sources. The response of the Federal Government has been to help in three main ways:

First, grants in lieu of taxes are paid to municipalities on certain Federal Government properties, in view of the fact that the Canadian constitution explicitly exempts such property from taxation. These grants were started in 1950 and they constituted at that time the first significant

program in either Canada or the U.S. for the payment of grants in lieu of taxes by a senior government to local governments. Nearly all Canadian provinces now also follow the same practice but, as I understand the situation, there has not been a parallel movement in your country. In Canada, some 2,500 local taxing authorities benefit from federal grants. While payments in total are not large, they are a fair substitute for what otherwise would be collected and are vitally important to some municipalities, particularly those with major federal installations.

Secondly, as mentioned earlier, important sums are transferred from a federal agency -- Central Mortgage and Housing Corporation -- to municipalities for urban-renewal schemes and sewage-treatment systems. These programs are frequently developed in co-operation with the provinces or with provincial housing corporations. For this reason it is not easy to put a dollar figure on the federal advances to municipalities, but it appears that the annual amounts provided more or less directly to municipalities, either through loans or grants, exceeds \$100 million, and even larger sums are channelled through provincial governments, particularly for public housing.

Finally, and undoubtedly most importantly, the Federal Government has transferred sums of money -- very large sums by Canadian standards -- to provincial governments, partly with a view to ensuring that the provinces can afford to make the necessary transfers to the municipalities. As a result, the most rapidly growing source of revenue of municipalities is the transfer of funds from other governments -- mainly from their provincial governments. Indeed, total transfers to municipalities from the provinces and the Federal Government appear to have exceeded revenue from property tax for the first time last year, although final figures are still not available. Two decades ago, such transfers were less than 15 per cent of municipal revenues from property tax.

Let me elaborate a little on this. The Canadian Federal Parliament recently passed a new Federal-Provincial Fiscal Arrangements Act, which establishes a framework of fiscal relations between the federal and provincial governments over the next five years. The act deals with a number of important matters, of which three are particularly relevant in this context:

Firstly, it is the basis for income-tax sharing between the federal and provincial governments. Most importantly, it provides a basis for these two levels of government to co-ordinate their use of the personal income tax and corporation income tax fields, without fixing limits or controls over the rates of tax which each level may impose, and it does this within a unified national tax system.

Secondly, because any given level of taxation provides a greater fiscal yield in some provinces than others, the act provides for equalization payments from the Federal Government to provinces whose *per capita* revenue-raising capacity is below that of the national average. Equalization payments were started explicitly in 1957, and they have been progressively broadened since then. Because of the differences in the size of our two economies, the

actual amounts transferred might not sound impressive in the American context; however, they represent over 5 per cent of all federal revenues. A similar transfer by the U.S. Treasury might run to more than \$12 billion this year.

From the point of view of the receiving provinces, their importance is evident when you know that for three provinces, in 1971-72, equalization transfers were equal to between 13 and 16 per cent of gross revenues. For two others, the comparable figure was more than 33 per cent and, for the two poorest provinces, equalization transfers were equal to 55 and 66 per cent of revenues.

Thirdly, the bill has a provision under which the Federal Government guarantees to make a grant to any province whose revenues fall below 100 per cent of those received in the immediately-preceding year except to the extent that such a shortfall is caused by a reduction in provincial tax-rates. While we hope this will never be operative, it is an important assurance against a sudden slump in revenues which might result from a severe economic recession, either nationally or in a particular province.

Between 1957 and 1969, provincial shares of total governmental revenue collections rose from 18 to 33 per cent, whereas the federal proportion fell from 69 per cent to 52 per cent. This reflected two factors -- increases in direct taxes by provincial governments and the negotiation of tax-sharing agreements which provided the provinces with tax room previously occupied by the Federal Government. It was these facts which in part led the U.S. President's Advisory Committee on Intergovernmental Relations, in its study of Canadian intergovernmental finances, to find, with respect to the Canadian system (and I quote) that, "tax sharing strengthens the fiscal capacity of the provinces within the Canadian federation" and that it has "gone a long way in reducing the general revenue imbalance".

In addition, the Federal Government co-operates with the provinces in several shared-cost programs, of which the largest are in the fields of health, welfare and post-secondary education. In the case of post-secondary education, for example, the Federal Government transfers an amount generally equal to 50 per cent of virtually all post-secondary education operating expenditures. In the current year, it is expected that this will total almost \$1 billion. On a *per capita* basis, the amount transferred varies from one province to another; the average is \$44 *per capita*, with the Province of Alberta receiving the largest amount, about \$52 *per capita*.

Some six years ago, the Canadian Parliament passed legislation known as the Canada Assistance Plan. CAP provided a single administrative framework for federal sharing with the provinces in costs of assistance and of certain health and welfare services for persons in need. Federal funds are transferred to provincial governments to cover, on a 50-50 basis, the costs of assistance to persons in need, and also of improving or extending welfare services. Very roughly, 30-40 per cent are paid for by provincial governments (the amount varying from province to province), and the remaining 10-20 per cent by municipalities. Thus the welfare burden on the municipalities is eased very substantially.

Federal policy has thus helped ensure that provincial governments have revenues which are broadly commensurate with their needs, which include municipal financing. I don't want to pretend that the provincial authorities do not believe that they require even more fiscal resources, both for their own needs and those of the municipalities. Nor do I suggest that we have reached a "once-and-for-all" solution. Clearly, circumstances are changing constantly at all levels of government, and a continuing reassessment of fiscal needs is required, which must take account of the emerging public problems and the level of government which is constitutionally responsible for the new priorities.

Nevertheless, enough fiscal resources are now available to the Canadian provinces to make the job of municipal financing much easier than it would otherwise be. Almost \$4 billion is transferred annually to the municipalities, which I can perhaps put further in context by pointing out that this is equal to more than 4 per cent of our gross national product. An equivalent transfer in the U.S. would be almost \$42 billion.

The effect of this is particularly dramatic in the financing of primary and secondary education. While there is considerable variation from one province to the next, provincial governments, as a group, now finance well over half of primary and secondary education -- that is, they bear more of the burden than local ratepayers. Twenty years ago, provincial governments accounted for less than a third of such financing.

Finally, leaving aside education, Canadian provinces, on the average, transfer more *per capita* to local government than do your states -- largely unconditional.

These large provincial transfers to municipalities have increased more or less in parallel with the transfer of fiscal resources from the Federal Government to the provinces. So, while we have not satisfied everyone, I can say with considerable confidence that the structure of tax sharing in Canada has helped to create a situation which serves the municipalities well.

Moreover, the system is flexible and can be adapted to changing needs and values. Let me cite a recent example. Two provincial governments, Ontario and Manitoba, requested that the Federal Government administer an arrangement under which the residents of those two provinces would be given a credit against their provincial income tax in respect of all or part of property tax, particularly those on low incomes. Individuals who did not pay income tax were to receive the credit in cash. An agreement was reached between the Federal Government and those two provinces and the proposal will apply in the current tax year.

The formula and details are not important in this context. My point is that these plans are a good example of co-operative federalism. They are to be administered by the federal Department of National Revenue *via* the tax-collection agreements between federal and provincial governments. It enables provinces, by means of their provincial income-tax revenues, to allow credits against property taxes without changing the basic structure of the individual income tax. All of this, incidentally, is done by the taxpayer on a single income-tax return....

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STATEMENTS AND SPEECHES

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THE CHOICES IN CANADA-U.S. RELATIONS

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Rotary Club of Armour Heights, Toronto, June 20, 1972.

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...I thought I might say something about a subject which has given Canadians more concern lately and which is more controversial -- relations between Canada and the United States. For this purpose I shall first review briefly some important recent developments and then go on to comment on them.

First, then, the events themselves. Whether this has been a good year or a bad year for Canadian-American relations is something we can discuss; it has undeniably been a big year. More persistently than any others, economic issues have caught the headlines. Last August 15 came the dramatic announcement of President Nixon's new economic policy. This carried a number of implications for Canada. Some of these are only now coming fully into focus. At the time, you will recall, Canadian interest centred on the American decision to impose a temporary import-surcharge as one of a number of measures designed to deal decisively with the chronic problem of the United States balance of payments. We spent a good deal of the late summer and autumn locked in discussion, both in Canada and abroad, about the wisdom, equity and probable effects of the surcharge. Finally, toward the end of the year, the United States agreed to drop the surcharge as part of a bargain involving the readjustment of the parities of the major international currencies.

For Canada, the vital element of this bargain was that our case for allowing the Canadian dollar to continue to float received international recognition. The Smithsonian agreement dealt for the time being with the monetary side of the problem. Attention then turned to bilateral trade issues. A number of the issues in Canadian-American trade relations were long-standing. They had been only temporarily pushed into the background by concern over the surcharge. The notable example is the Auto Pact. This subject had already been under discussion between the two countries for some time. A new complication was added, however, with the introduction of the DISC legislation in the United States. There were other trade "irritants" on both sides. An

attempt was made to dispose of some of these outstanding issues in the winter by negotiating a package of reciprocal and balanced concessions with the United States. The Canadian Government's position was put confidentially to the United States in this context at the time. The attempt at negotiation was not successful. At the moment, the position is that negotiations on outstanding trade issues are to be resumed at a time still to be fixed. Pending resumption, each side is reviewing its negotiating position.

Meanwhile the Government has introduced legislation to control take-overs of Canadian firms by foreign capital.... Strictly speaking, this is a Canadian, not a bilateral issue. Everybody knows, of course, that the capital involved is largely capital from the United States, and that the issue of American ownership of Canadian business and industry is a matter of intense debate in Canada.

These, then, have been the most important economic questions for relations between Canada and the United States in recent months. Other issues have leaped into prominence as well -- notably energy questions and environmental issues. Last autumn, the United States Administration proceeded to conduct an underground nuclear test on Amchitka Island. This spring, it has authorized the construction of the Trans-Alaska Pipeline, thereby strengthening fears that the two countries will face a serious danger from oil-spills if ever Alaskan oil begins to move through the narrow waters of the Straits of Georgia and Juan de Fuca. An ominous foreshadowing of these dangers was provided only two weeks ago, when there was a spill -- fortunately small -- from a tanker unloading at the Cherry Point Refinery just south of the Canada-United States border.

Both the decision to conduct the Amchitka test and the decision to authorize the Trans-Alaska Pipeline produced widespread protest in Canada. The House of Commons adopted resolutions expressing Canadian concern, by one vote short of unanimity in the case of the resolution on the Amchitka test and unanimously in the case of the resolution on West Coast pollution dangers. As a result of the oil-spill at Cherry Point, a further resolution was also adopted unanimously. This calls for a reference of the problem to the International Joint Commission. All these resolutions were promptly transmitted to the United States Government. We understand that they have received attention at the highest level. This form of solemn parliamentary protest is unprecedented in Canada-United States relations.

Recently, the revival of the war in Vietnam has returned that subject to a high place on the list of issues complicating relations between Canada and the United States.

On the other side of the ledger, we have had a highly successful visit of President Nixon to Canada. In what he said while he was in Ottawa, the President showed a perceptive sensitivity to some of the issues that concern Canadians most. His clear acknowledgement of the separate identities of our two countries is one example of this; what he said about foreign ownership was another. The visit was capped by the signature of an important new agreement on a joint approach to cleaning up the Great Lakes. And, from the discussion of international questions that took place, it was clear also that the two Governments hold convergent views about the international order that is now emerging.

Now let me comment on some of the developments I have listed from the Government's point of view....

As to the question of exchange-rates, it has been a great success for the Minister of Finance and for his predecessor to have so solidly established the case for allowing the Canadian dollar to continue to float. At the same time, the Government's recent measures to encourage lower interest-rates ought to prevent our dollar from moving upwards to the point where exports are seriously affected. With the problem of parities resolved, attention can now turn in monetary matters to reform of the international monetary system. Canada will be making its contribution to that process. Reform is not, of course, a matter for today or tomorrow. For our purposes today, let me simply record that I expect Canada to work in close consultation with the United States on this question and see no reason why it need become an issue dividing us.

As to the trade irritants, it is impossible to say now what the outcome of the next round of negotiations may be. Nor can I tell you the details of the Government's negotiating position. I can say, however, that the offer the Government made to the United States several months ago was perfectly reasonable. If some of these issues remain unresolved, it is not because of any rooted refusal on the Canadian side to bargain sensibly.

While I cannot speak for the United States, I should warn against seeing patterns in various actions by the United States where none exist. The fact that there are by now a number of outstanding issues to be negotiated is, to an important degree, fortuitous. Without seeking to belittle these problems, I suggest that none of them -- not even the Auto Pact -- goes to the heart of the relationship between the two countries. In so complex a relationship, we should not be surprised at any particular time to find a question of the order, say, of the Michelin Tire problem awaiting solution. But there are no fundamental differences of principle between Canada and the United States in these matters. Canada has every sympathy for the United States Government's desire to correct imbalances in its trade. By allowing the Canadian dollar to float upward months before President Nixon announced his new economic policy, we gave evidence of our willingness to contribute to the necessary process of multi-lateral adjustment.

In Canada, the most controversial of these economic questions is obviously that of foreign ownership. I have already drawn attention to the fact that this is more our problem than it is a bilateral problem. I venture to say it is more a problem of federal-provincial relations than of international relations. All we can expect from the United States is sympathetic understanding of the difficult choices which confront us. At the moment, I should say that we have that sympathetic understanding. Whatever future developments there may be in this field, I expect Canada to remain liberal in its economic policy. Therefore, I see no reason why we should forfeit this understanding. While debate will continue in Canada -- often intense debate -- I do not expect the fact that Canadians must go on struggling with this issue to become in turn an issue in relations between the two Governments.

It hardly needs saying that there is no national consensus on this question. The warmth of the continuing controversy is proof enough of that. Some regions of Canada are vigorously searching for capital and enterprise and are less concerned about its origin than about the availability. All regions are understandably concerned that national policy should recognize their particular needs and aspirations. The Federal Government considers that Canada can now afford to be more selective about the terms on which foreign capital enters the country. Some 17 per cent of the net annual capital inflow to Canada has been going to purchase existing concerns rather than to develop or expand industries. This sort of inflow may or may not be in the national interest. The Government wishes to ensure that it is. The purpose of the Government's legislation is, therefore, to ensure that this kind of capital inflow will only be approved when a particular take-over will, on balance, be of significant benefit to Canada.

Broadly speaking, there does not seem to be great opposition to the idea that legislation for this purpose is appropriate. The criticism is rather that the legislation does not go far enough. What can one say to this? If there is general agreement that the legislation is sensible and timely, surely it should be adopted. For my own part, I would be reluctant to say what the next step in the evolution of the question of foreign ownership may be. Obviously what we are witnessing is a continuing process. In the past, Canadian Governments acted to protect particularly sensitive sectors from foreign take-over. Broadcasting, banking and newspapers are examples. On the positive side, we have given encouragement through the tax laws to Canadian ownership. We have established the Canada Development Corporation and we are participating directly in oil and gas exploration through Pan-Arctic. The provinces are moving on land ownership. Now we in Ottawa are taking another step which is fully justified on its own merits. This does not preclude us from further discussion. If past experience is any guide, we may well find that, at some stage in the future, measures which do not now command a national consensus, or measures which we have not so far even envisaged, will turn out to be the best way of serving national needs.

The Prime Minister has said that, if the provinces wish to supplement federal legislation in this field with legislation of their own, they are free within their powers to do so. And some of them are. I have already mentioned provincial legislation on land ownership. This audience will be more aware, of course, of the legislation introduced last week into the Ontario Legislature which requires companies operating in Ontario to have a majority of resident Canadians on their boards of directors. This legislation would not conflict with federal legislation. It does, however, represent a rather different approach to the foreign-ownership problem. It is not an approach which the Federal Government has neglected. The studies which the Government authorized devoted a fair amount of attention to this approach to the problem.

Our conclusion in Ottawa was that to insist that the boards of Canadian companies should contain a certain proportion of Canadian directors fixed by law would not have high priority in achieving national objectives. Such measures, unless they are part of a larger and more substantial package, tend to be of symbolic rather than real significance. I do not deny the importance of symbols -- especially in an emotionally-charged issue of this

sort. But the Federal Government was aware that many foreign subsidiaries already had a high proportion of Canadians on their boards. It was aware that a firm required to alter the composition of its board by law might simply seek out passive directors. And it was aware that key decisions were often taken not by the board of a subsidiary but by the board of the parent company itself. For these and other valid reasons, the Federal Government has preferred to approach the problem of foreign ownership instead from the point of view of corporate performance and economic benefit to Canada. This is the approach embodied in the Federal Government's legislation on foreign take-overs. But, as I have suggested, a problem as deep-rooted and complex as this is not going to be solved by one single act at one point in time. It is something the country at large has to go on struggling with.

In the years immediately ahead, then, there will continue to be particular problems -- difficult, although not fundamental problems -- which will complicate our economic relations with the United States. Canada will continue to diversify its trade, with a view to becoming less dependent on the United States market. The United States will, however, undoubtedly remain Canada's most important trading partner and it would, in my view, be a mistake not to exploit fully the possibilities of that market. The relationship will also be complicated, no doubt, by a continuing discussion within Canada of the problems of foreign ownership, with the United States as a generally sympathetic bystander. In international discussions, I foresee no serious complications likely to arise between Canada and the United States so far as the search for an improved international monetary system is concerned. As for international trade, Canada will continue to look to the United States for leadership in moves towards non-discriminatory multilateralism to minimize the effects of the formation of trading blocs like the EEC. The Government has already declared its support for the Administration's proposal that there should be a new round of international negotiations for this purpose.

What of some of the other issues? In environmental matters, the Great Lakes Water Quality Agreement represents a real step forward. The Government is now urging on the United States the importance of giving the International Joint Commission an enhanced role in the protection of boundary waters. Fortunately, on these environmental questions, there is growing and shared public concern in Canada and the United States. We can count on it to ensure that problems like the oil-pollution danger in coastal waters receive the fullest consideration of both Governments. The general prospect, then, is for further joint action by Canada and the United States to meet some of these threats to the environment.

I should not care to say whether, in the case of the oil-transportation problem on the West Coast, the insistent repetition of Canadian concern, and of the concern of environmentalists in the United States as well, will finally succeed in excluding large tankers from western coastal waters. All we can do is keep pressing our case. At the same time, we can draw attention to the alternatives for moving northern oil to southern markets and insist that all the options be kept open for careful examination. On the whole, I should expect energy problems to continue giving Canada and the United States a fair number of headaches in the Seventies, but I foresee no problem which will not respond to the exercise of patience and imagination.

Finally, what of some of the political issues over which there have been differences in the past? One of the most important still exists, the war in Vietnam. The Government has expressed its serious concern over the renewed violence there. We have said that Canadians want to see this war ended soon by negotiation, and that they will be relieved when the United States has been able to withdraw from Vietnam. For our purposes today, we are surely safe in assuming that the war in Vietnam is going to end in some reasonably near future, and that Vietnam as an issue in Canadian-American relations, as well as of discord within the United States, will disappear accordingly.

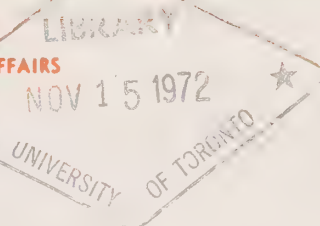
At a more fundamental level in our political relations with the United States, an extremely interesting pattern is emerging. All of us students of the relationship are conscious that basic shifts have been taking place in the world view of both countries. The implications of these shifts are only beginning to become apparent. I suspect we will spend the rest of the Seventies working out some of their implications. In the process, Canadians may find themselves giving up a good deal of the "conventional wisdom" about relations with the United States. It seems obvious to me that the options for Canadian-American relations, and for Canadian foreign policy generally, are already proving to be markedly different from what they were even five years ago. In a world where the two super-powers conceive their roles with a new and refreshing sense of limitation, and where new power-centres are arising, the smaller countries, freed from the constraints -- and perhaps deprived of the advantages -- of alliance diplomacy, have freedom to manoeuvre unprecedented in this generation. Anxious to assert its identity and to diversify its contacts and its markets, Canada will surely find this a world of opportunity. To a visible extent we have already done so. Without immodesty, we can claim to have led even our great neighbour to take advantage of some of the opportunities of this changing world. To the extent we take advantage of this world -- created in part, let us remember, by the constructive action of the United States itself -- we ought surely to find relatively greater fulfilment, and correspondingly less frustration, in our international role. And this, in turn, ought to help us come to grips with the inevitable problems of the Canadian-American relationship with wisdom and equanimity.

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INFORMATION DIVISION
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No. 72/16

THE PLANNING AND MANAGEMENT OF HUMAN SETTLEMENTS

A Statement to the United Nations Conference on the Human Environment, Stockholm, on June 8, 1972, by the Honourable Victor Goldbloom, Minister of Environment for the Province of Quebec.

Man's environment has two essential components: the natural environment, and the one which man has constructed. In all societies, man is becoming more and more urbanized. It is, therefore, incumbent upon him, as he domesticates nature in his cities, to learn to respect it and to establish his cities in better relationship with the natural environment.

These two aspects of urban ecology apply to all human communities throughout the world. In fact, all urban settlements are essentially similar, and the social problems brought about by urbanization are common to all: anonymity, stress, solitude, cultural shock, promiscuity, alienation, etc. The same is true of ecological problems.

Indeed, Canada, through its own experience, has become convinced that the deterioration of the environment is in large part related to urbanization. It is in and from the major concentrations of population that pollution loads arise which threaten to overwhelm ecosystems. It is man, rather than the environment, that must be perceived as the critical and determining element.

Basically, each city, town or village is a group of men, women and children, living in close proximity to one another in order to increase their potential contacts, to widen the scope of their interrelations and to improve the quality of their economic development. Man has built cities for many reasons, among them to satisfy his basic need to communicate with others. The resulting constructed environment is nothing more than a complex of facilities, a series of assist mechanisms to simplify and amplify individual activities. These mechanisms are like tools; we wish them to be efficient, and we evaluate their efficiency according to the degree of communication or productivity which they make possible. At present, urban systems are not only of low efficiency but very often have a negative effect, even to the point of interfering with human communication.

It goes without saying that efficiency alone is not enough. In building urban systems, man surrounds himself with a constructed environment which influences his behaviour, for better or for worse. Unfortunately, in

most urban areas on our planet, the quality of the environment does not contribute as much as it could, and should, to man's cultural and social development.

We have, therefore, two responsibilities, the one quantitative and technical and the other qualitative and human. They cannot be separated and are mutually complementary; they constitute in fact a single challenge to be faced. Canada, in common with most other nations, is fully aware of the magnitude, the urgency and the complexity of what needs to be accomplished in planning and in management....

On its own part, conscious of its need to find solutions for human settlement problems on its own territory, Canada, in June 1971, established a Ministry of State for Urban Affairs. This department has the authority to undertake research in the field of urban affairs, to elaborate and implement policies of urban development and to co-ordinate the actions of the main participants in the urban scene. In addition, each of the ten provinces has a department of municipal affairs and has created a variety of planning bodies, and each of our principal cities has its urban planning service.

With respect to the growth and distribution of the world's population, Canada recognizes the necessity of further studies in this field and invites all countries to intensify their preparations for the United Nations Conference on Population, scheduled for 1974. Canada considers it a duty to participate actively in this effort.

Canada recognizes that research on problems of water supply, sewage treatment and waste disposal has high priority in tropical and semi-tropical areas, but asks this conference to recognize also the importance of such questions and of comparable research in Arctic and sub-Arctic regions.

Canada is also prepared to support the United Nations in its search for a global system of detection and anticipation of natural disasters. Although Canada recognizes the difficulties of such a task, especially as regards the exchange of information which may have strategic implications, it is prepared to participate in such studies as it has done all along.

Among the proposals for international action, Recommendation 137, entitled "International Program for Environmental Improvement Areas", in our view deserves special attention. This proposal to institute an international program whereby designated zones would be the object of a concentrated and sustained effort to improve their environment offers a rare opportunity to innovate, to try new formulas for planning and development and to test their effectiveness.

By adopting this proposal, the Stockholm Conference would set in motion a planning process, not only among nations interested in establishing such areas in their own territory but also in the United Nations Secretariat itself. Groups of experts might be brought together for consultation on conception and management. Their studies, as well as contacts made by the Secretariat with nations willing to participate in the program, would make it

easier for governments to decide on the choice of zones, on priorities and on strategies of implementation. An information-exchange system should also be organized. Canada would like to offer a major contribution to the success of this whole undertaking.

It may be expected that at some time in the future the need will be felt for an international conference at which interested countries would wish to evaluate the program and seek agreement on many points. Such a conference would also help to convince world opinion of the value of such a program based on pilot and experimental projects throughout the world.

Canada is already involved, at all levels of government and through continuing co-operation between them, in experimental projects in human settlements. One of our major considerations is the possibility of reducing urban needs for energy, and we intend to carry forward research in this field.

With a view, therefore, to ensuring the success of the program proposed in Recommendation 137, Canada proposes the holding of a United Nations Conference on Pilot Projects in Human Settlements. Canada would be pleased to organize such a conference and to act as host country, and suggests that it be held in 1975.

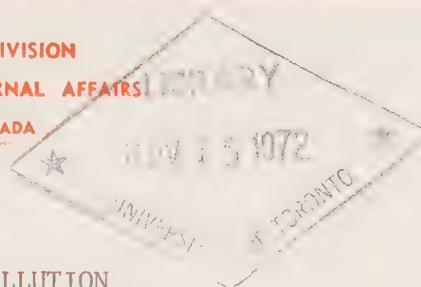
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No. 72/17

THE PROBLEM OF MARINE POLLUTION

A Statement by the Honourable Jack Davis, Minister of the Environment, to the UN Conference on the Human Environment, Stockholm, June 14, 1972.

Canada sponsored a proposal that was reflected in amended Recommendation 233, which proposed action by governments to prevent ocean dumping, and in particular to make every effort to conclude an ocean-dumping convention. My Government wholeheartedly supports this recommendation. The draft articles for ocean dumping, referred to in this recommendation, represent the basis for an effective dumping convention -- from both an environmental and a jurisdictional point of view. Canada will co-operate fully in every effort to carry forward this constructive initiative taken by the United States.

Canada also sponsored a series of proposals on marine-pollution control principles and ocean-management objectives. We are gratified at the support that has been given to these proposals. Taken together, they form the basis for the future development of international law for the preservation and enhancement of the marine environment. Action will, of course, have to be taken at the 1973 Law of the Sea Conference and the 1973 Inter-governmental Maritime Consultative Organization Conference. Canada will do everything it can to co-operate with other states to develop the law on a basis that does not do violence to the interests of any state, be it flag state or coastal state. This is, in our view, the basis of the recommendations contained in Recommendation 239, and it is for this reason that my Government has worked so hard to gain their acceptance.

It has been the consistent view of the Canadian Government that what is required is a comprehensive multi-disciplinary integrated approach to the future development of international environmental law. It is our considered view that Recommendations 233 and 239, taken together, point the way to such an approach.

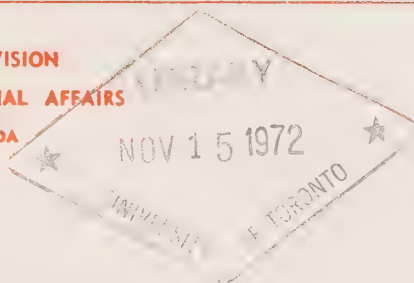
We have approached this range of problems with determination and we have pressed our proposals with vigour. We have at the same time taken every opportunity to co-operate with other governments, many of which represent countries with interests different from Canada. We are a coastal state, not a major maritime state. We are a coastal fishing state, not a distant-water fishing state. But we recognize that other states have different interests, and that we must work together to work out mutually-acceptable accommodation. We now have the basis for such an approach.



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No. 72/18

STOP TESTING NUCLEAR WEAPONS

A Statement by the Honourable Jack Davis, Minister of the Environment and Chairman of the Canadian Delegation to the UN Conference on the Human Environment, Stockholm, June 14, 1972.

Canada is a signatory to the Partial Test Ban Treaty. We worked as hard as any able state to bring about its conclusion. For Canada, it is not only an arms-control treaty -- it is an important environmental-protection treaty.

Canada is also a party to the Seabed Arms Control Treaty, which has important environmental as well as arms-control implications. Even so, we regard these two measures as only the *first steps*, essential though they are.

We consider that all nuclear-weapons testing should be stopped. This is our continuing, consistent position, and we have made it known to every country conducting nuclear-weapons tests, atmospheric or underground.

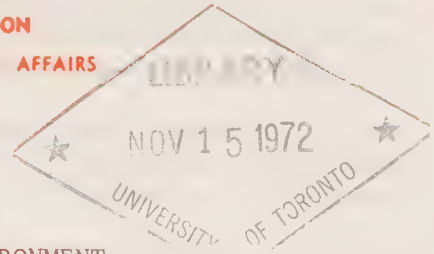
For these reasons, the Canadian delegation has voted in favour of the resolution contained in Paragraph 6 of our report. We should have preferred more general language, less discriminatory language, but we cannot refrain from supporting this resolution, which, as we interpret it, is a strong plea from the international community to all states to refrain from nuclear-weapons testing.

S/A



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No. 72/19

DECLARATION ON THE HUMAN ENVIRONMENT

A Statement on June 14, 1972, to the Plenary Session of the United Nations Conference on the Human Environment, Stockholm, concerning the Draft Declaration on the Human Environment, by Mr. J.A. Beesley, Legal Adviser to the Department of External Affairs.

* * * *

We regret that it has not been possible to reach agreement on every issue raised during the discussions on the Draft Declaration. We particularly regret that it was not possible to reach agreement on matters as important as the duty of states to inform one another concerning their activities or developments within their jurisdiction, and the overwhelming need to spare man and his environment from the potentially catastrophic effects of nuclear-weapons tests. Nevertheless it is our considered view that the Draft Declaration represents a major achievement. It reflects an interdisciplinary approach to the problems of the human environment and points the way in clear and unmistakeable terms to the direction we must follow if man is to survive as a species.

When we spoke on this matter in plenary at the time we were debating -- the setting-up of a working group to consider the Draft Declaration, we pointed out that the document we were considering was more than a plea for co-operative action; it was more than an inspirational message; it was more than an educational vehicle. It was our view that the Draft Declaration then under consideration represented nothing less than the first essential step in developing international environmental law.

If the Draft Declaration reflected such considerations before its intensive study and debate in the working group, it does so even more now, for the Declaration has been broadened in many important respects and, equally important, now represents a wider consensus on a larger number of issues.

I shall now summarize briefly the view of the Canadian delegation concerning the conceptions embodied in the Draft Declaration.

We consider that there is a fundamental need for an environment that permits the fullest enjoyment of the basic human rights reflected in the universal Declaration of Human Rights, including, in particular, the right to life itself. *This* conception is reflected in the Draft.

We recognize that life on the planet Earth is dependent on the land, the earth, the water and the sun and upon other forms of life on earth. *This* conception is reflected in the Draft.

We are aware that human life is also dependent upon the maintenance of the ecological balance of the biosphere. *This* conception is reflected in the Draft.

We are increasingly aware that human life is affected by environmental processes and influences, which are in turn affected by human activities. *This* conception is reflected in the Draft.

We are equally aware that human beings require and utilize the resources of the biosphere for their physical, mental, social and economic development. *This* conception is reflected in the Draft.

We are conscious that economic and social development and the quality of the environment are interdependent. *This* conception is reflected in the Draft.

We accept that the limited resources of the biosphere, including, in particular, land, air and water, require rational utilization. *This* conception is reflected in the Draft.

We recognize that there is cause for concern that irrational utilization of these resources is posing an accelerating threat to the environment. *This* conception is reflected in the Draft.

It is the firm position of the Canadian Government and people that environmental problems are the concern of all human beings and all peoples irrespective of their social or political systems, geographic situation or state of economic development. *This* conception is reflected in the Draft.

It is the further position of the Canadian Government and the Canadian people that all human beings and all peoples have equal rights to an environment adequate to their needs. This fundamental principle is also reflected in the Draft.

I have spoken of the importance of this Draft Declaration as an instrument laying down the foundation for the future development of international law. I should like to take advantage of the unusual opportunity presented to us by this Conference, which we regard as of historic importance, to make the following statement of interpretation. It is not, I should like to stress, a statement of reservations. On the contrary -- it is an affirmation.

The Canadian Government considers that Principle 21 (formerly 18) reflects customary international law in affirming the principle that states have, in accordance with the Charter of the United Nations and the principles of international law, "the sovereign right to exploit their own resources pursuant to their own environmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction".

The Canadian Government considers that the secondary consequential Principle 22 (formerly 19) reflects an existing duty of states when it proclaims the principle "that States should co-operate to develop further the international law regarding liability and compensation for the victims of pollution and other environmental damage caused by activities within the jurisdiction or control of such States to areas beyond their jurisdiction".

The Canadian Government considers also that the tertiary consequential principle contained in the Draft Declaration on the Human Environment as it first came before us in plenary (former Principle 20 not now contained in the Draft) on the duty of states to inform one another considering the environmental impact of their actions upon areas beyond their jurisdiction also reflected a duty under existing customary international law, when it proclaimed, in essence the principle "that relevant information must be supplied by States on activities or developments within their jurisdiction or under their control whenever there is reason to believe that such information is needed to avoid the risk of significant adverse effects on the environment in areas beyond their national jurisdiction".

These legal principles, taken together with the important and closely related marine-pollution principles and the draft articles on a proposed dumping convention, on which we have already taken action, together provide us with an opportunity to work together in a co-operative spirit of conciliation and accommodation (accommodation not only as between differing national interests but as between national interests and the interests of the international community) to elaborate laws that will protect us all by protecting our environment. Let us grasp this opportunity.

I should like before concluding to refer to the vital question of the dangers posed to all humanity by nuclear tests. Canada is a party to the partial test-ban treaty. We worked as hard as any other state to bring about its conclusion. For Canada, it is not only an arms-control treaty; it is an important environmental-protection treaty. Canada is a party to the non-proliferation treaty, which is also both an arms-control and, by implication, an environmental-protection treaty. Canada is also a party to the Seabed Arms Control Treaty, which also has important environmental as well as arms-control implications. Even so, we regard these measures as only the first steps, essential though they are.

We consider that all nuclear-weapons testing should be stopped. This is our continuing, consistent position, and we have made it known to every country conducting nuclear-weapons tests, be they atmospheric or underground.

For these reasons we joined with the other countries in this forum in an appeal to nuclear states to cease their tests. For these reasons the Canadian delegation supported the resolution we have passed unanimously in plenary condemning such tests and calling for their cessation. For these reasons we strongly support the principle on which we have been unable as yet to agree unanimously -- namely, that man must be spared the effects of nuclear weapons and all other means of mass destruction.

We have listened with interest and careful attention to the previous speakers. It is clear that there remain differences of view concerning some aspects of our Draft. We would earnestly request delegations to follow to the furthest limits possible, an approach which many of us have recommended, of general agreement on the Draft with oral or written declarations of interpretation by those delegations wishing to register their views on points of disagreement.

My delegation is honoured to have had the opportunity to have participated in the claboration of this historic document and we commend it to the earnest attention, consideration and action of all states and peoples in the world as guidelines for the future, our collective future as inhabitants of our only earth.

S/A



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No. 72/20

AN OPTIMISTIC ASSESSMENT OF UN ACHIEVEMENT

An Address by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Twenty-Seventh Session of the General Assembly of the United Nations, New York, September 28, 1972.

* * * *

It is a current commonplace, Mr. President, to take a dark view of the performance and prospects of the United Nations. One respected international commentator observed just the other day: "The United Nations organization has never been weaker than it is now"; while your predecessor, Mr. Secretary-General, has called the phase through which the organization is now passing "a time of trials".

There is ample evidence to justify a sense of defeatism. The international community often seems incapable of preventing war, powerless in the face of acts of terrorism, apathetic at the spectacle of starvation and misery, and irresponsible in its willingness to risk permanent damage to the environment. We seek to explain this by observing that, in a world of sovereign nation states, the United Nations is bound to reflect the weaknesses of the international society that produced it. Time and again, national egotism seems to be the ruling principle of that society.

This is at the root of the world's deep anxiety. For the better part of this century, we have known nationalism has imperfections. Yet mankind is not about to do away with sovereign states. Indeed, the events of the century, by breaking up old empires and multiplying new sovereignties, have acted as a stimulus to nationalism. New states are not willing to deny themselves the advantages they believe older states have gained from national independence. Certain great tasks of social and economic construction are indeed impossible except in conditions of independence. And while some advantages of independence may prove illusory, even this is irrelevant, since the Charter establishes national sovereignty as a fundamental principle.

These are powerful considerations. In the face of them, it is unrealistic to plan for an international order in which the system based upon sovereign national units has been replaced. Instead it is more hopeful and more sensible to work to transform the existing system, encouraging it when necessary to produce the antidote to its own poisons.

There have been encouraging developments in this sense recently. Even in the brief space of time since we last met, relations between the great powers have undergone a remarkable transformation. Earlier this year, in Moscow, the two nuclear super-powers signed a Declaration on Basic Principles governing their relations, an agreement limiting anti-ballistic-missile systems, and an interim agreement on the limitation of strategic arms. Furthermore, the Soviet Union and the United States have reaffirmed the undertaking in the Non-Proliferation Treaty to pursue their negotiations to end the nuclear-arms race and bring about actual measures of nuclear disarmament. The nuclear sponsors of the Non-Proliferation Treaty have a particular responsibility to adopt measures to curtail the nuclear-arms race and thereby prevent further nuclear proliferation. One such measure would be a ban on all nuclear testing. Surely it is time for the two super-powers to end underground tests, for the two states that continue to test in the atmosphere to cease their testing and for a complete test ban to be concluded.

The international community has a right to expect that the agreements concluded in Moscow will open the way to more far-reaching nuclear-arms control and disarmament measures. But it by no means underestimates the historic significance of what has already been accomplished. Surely this amounts to a recognition that the search for a one-sided strategic advantage has become self-defeating and illusory, and that the way ahead lies through a stabilized nuclear balance to nuclear disarmament itself.

In this same brief space of time, to Canada's great satisfaction, the People's Republic of China has taken its rightful place in the United Nations. Relations between China and the United States, and between China and Japan, have witnessed a dramatic improvement. In Europe, breeding-ground of two world wars, the most significant steps in this generation have been taken to reconstruct relations between the Federal Republic of Germany, on the one hand, and the German Democratic Republic, Poland and the Soviet Union, on the other. The first general negotiations on co-operation and security in Europe since before the Second World War will soon begin, as well as negotiations to bring about a mutual and balanced reduction of forces in Europe.

Caution says that all these developments are only beginning. But they could mark the greatest change in the international order since the United Nations was founded. If we are right to say that the United Nations reflects the international order on which it is based, can we be wrong to hope that these beginnings will sooner or later transform the United Nations as well? There are other hopeful developments also. Dialogues have now begun between the two halves of Germany and Korea. These face enormous difficulties. But we can expect that, in the not-too-distant future, the universality of the United Nations will be strengthened through the extension of membership to the peoples of the divided countries. It will be strengthened also as self-determination brings the era of colonial empires to its final end, especially in Africa, where the most intractable problems of securing human dignity and freedom are posed.

Although the recent proceedings of the Security Council give little support to the view, surely also it is no longer visionary to conceive of situations in which the Council will function as was originally intended, by consensus of the permanent members of the United Nations as a whole, through co-operation rather than confrontation.

We founded the United Nations, as the Charter says, "to save succeeding generations from the scourge of war". More has been accomplished in this past year to remove that danger than in any year since this organization was created. Certainly, so far as the risk of a general nuclear war is concerned, the hopeful evolution of great-power relations evokes deep feelings of relief, gratitude and satisfaction from us all.

It would be a bitter irony if the safer, saner world that seems at last a possibility rather than a dream should turn instead into a world in which the stream of violence simply cuts new channels. Time and again, the smaller countries have called for an end to the nuclear-arms' race, an end to nuclear confrontation. We have sought an international order in which the great powers would conceive it neither as their interest nor as their obligation to attempt to police the world. Now the great powers, in their own interest and in the interest of us all, are moving in this direction. Is the new security and freedom that will thereby be available to all countries, large and small, to be dissipated in new forms of violence? Must we admit that only the fear of nuclear escalation has allowed us some limited success in the past generation in controlling recourse to force?

Yet the international community still has no answer to the dilemma of deciding at what point local violence has such wide and obvious international implications that it can no longer be accepted as a purely domestic matter. We struggled with this problem last year in the crisis in Bangladesh. And, even where violence is plainly international from the outset, our means of dealing with it are often pitifully weak. There are those in the world who appear to believe that the norms of civilized international life are not for them. They consider that they have a right to pursue their grievances with kidnapping, piracy, murder and wholesale terror and violence.

The problem is growing. It has become world-wide. My own country has had its tragic experience of violence of this sort. Canadians instinctively share the horror and shock that these acts produce wherever in the world they may occur. The Canadian Government understands only too well the agonizing choices governments face when called upon to deal with a sudden nightmare of violence.

Terrorism takes many forms. It is called forth by a wide range of complex situations. The rights and wrongs of these situations are bitterly contested. It is simple realism to recognize all this. But the problem cannot be ignored because it is difficult; there must be no truce with terror. Some acts of terror are the work of deluded and demented criminals; others, of frustrated and desperate men willing to sacrifice their own lives and the lives of innocent people in what they regard as a noble cause. When we agree

that the cause is noble, we are tempted to condone the terror. But are we wise to do so? The act we condone today may be the one we regret tomorrow, when it is turned against us. For terrorism in the end affects everyone; it is an attack on civilization at large. Violence breeds violence, murder answers murder, and order dissolves in chaos.

Therefore, Mr. Secretary-General, we approve your initiative in seeking to have the subject placed upon the agenda. A number of delegations have reservations about the debate upon which the Assembly is to enter. Some fear it will be too diffuse to be useful; others that it will be too narrow to be constructive. It need be neither. The Canadian delegation looks upon it as a way to focus international concern upon the whole range of acts of terror, and to stimulate action both by international bodies, such as ICAO and the International Red Cross, and by governments acting within their own powers or under bilateral agreements. The means of dealing with the problem will be as varied as its forms. Some international legal instruments already exist for the purpose. These should be quickly strengthened through ratification by as many states as possible. Perhaps new international machinery and new international legal instruments will be necessary as well. Then let us create them. How can the world, which has declared slavery, piracy and the drug traffic beyond the pale of civilized life, fail to outlaw terrorism? The Canadian Government, which has already amended its domestic law, entered into bilateral negotiations to limit terrorism in the form of hijacking and ratified the international conventions concerned, stands ready to contribute to the strengthening of international law to outlaw terror.

The task is formidable. But the United Nations has responded to challenges of equal difficulty in the past. Since we cannot expect national loyalties to disappear, we must work to temper these loyalties by a growing sense of responsibility on the part of individuals and governments to the international community at large. I suggest that a consciousness of this responsibility is growing in ways unknown to previous generations.

Consider the field of human rights. It would be easy to multiply examples throughout the world of violations of human rights. The task of creating and ensuring respect for accepted international standards has been daunting. Deep historical and cultural differences have produced widely differing views of the true source and proper extent of individual rights. These differences are profound. How can we legislate them out of existence? Yet in the Covenant on Civil and Political Rights and the Covenant on Social, Economic and Cultural Rights, the international community has legislated successfully. In doing so, it has recognized that there are limits to the exercise of state sovereignty, and that certain rights attach to individuals -- among others, rights to life and freedom, to liberty and personal security, to fair, prompt justice, to freedom of thought, conscience and religion, and the right to leave any country, including one's own. The task now is to ensure that these rights are honoured in practice. So far as my own country is concerned, I am glad to say that the constitutional difficulties which have delayed Canadian ratification of the Human Rights Covenants are well on the way to being overcome. Through national experience and international example, Canadians have come to appreciate that the field of human rights is another sphere in which national and international obligations reinforce each other.

Some of the most serious challenges to the honouring of human rights today lie in Africa. In South Africa the very system of *apartheid* does violence to the concepts embodied by the international community in the covenants on human rights. In Rhodesia, an illegal regime continues to deny to the majority of its citizens even the hope of the basic rights to which they are entitled. And now, in Uganda, a new form of danger has arisen. I do not wish to enter into the substance of the question. Obviously, however, the situation in Uganda requires the exercise of the greatest restraint on the part of the Ugandan Government if the Asian community is to be allowed to leave in conditions of reasonable dignity and security. Humanity on the part of other governments is required as well, so that the tens of thousands who may ultimately be affected by enforced expulsion may have a generous reception in the many countries of the world where their talents could find new and useful expression.

The great programs for economic co-operation between the developing and the industrialized world are another instance in which a growing sense of obligation to the international community has become an expression of enlightened nationalism. The whole notion that this world venture should be undertaken at all has only become part of general public consciousness in the last 20 years. And, once again, those who are looking for reasons to be discouraged after a relatively brief effort find their case ready-made. From the statistics of the first Development Decade, we know that *per capita* incomes in the developed countries -- already far higher than in the Third World -- have been growing at not much less than twice the rate of incomes in the developing countries. We know that, in the developed countries, the consumption of energy *per capita* is five to ten times the world average, and that, quite apart from the difference in protein content, the intake of food in calories is almost twice as much *per capita* as in the developing world. These gaps are great. Some of them are growing. Meanwhile, the efforts of the developing countries to strengthen their economies are partially absorbed in supporting populations that, in Asia, Africa and Latin America, are growing at the rate of between 2, and 3 per cent a year -- double or more the rate for Europe and North America.

The resources devoted to attacking these problems of development and disparity are undeniably inadequate. If they are to be increased in quantity and quality, the developing countries must continue their heroic efforts, while the developed world finds ways of increasing the measure of its participation. The attack must focus equally on social issues, given the interdependence of social progress and economic growth.

In Canada, I am glad to say that sustained public consciousness of these problems has permitted the Government to make steadily-increasing resources available for programs of economic co-operation. I expect this trend to continue. It will be combined with an intensified search to ensure that the co-operation is extended in the forms we are best fitted to provide and our partners best fitted to use. Hand in hand with this will go measures to improve the terms on which the developing countries have access to our markets.

In economic relations generally, discouragement at some current tendencies would be justified. There is still an inadequate international framework within which to adjust the trading relations of the developed with the developing economies, and the market with the socialist economies. Among the major trading nations, there are distressing tendencies towards protectionism, associated in part with the growth of trading blocs. International monetary machinery labours under extraordinary strains and requires urgent strengthening.

Yet all these problems are recognized. They are under repeated attack, in ECOSOC, UNCTAD, in the IMF and the GATT, in the regional economic commissions and elsewhere. And not without success; in the last analysis, a sense of common purpose leads gradually to overcoming national differences. If we wish to measure our progress, we have only to recall the economic chaos of the period between the two world wars. Then rampant nationalism combined with economic ignorance to bring the world economic system down in ruins. How many of the political failures of that period can be traced to economic failure! For all its faults, the present world economic structure, and the institutional framework for economic co-operation which has grown up under the United Nations, is an infinite improvement.

But perhaps the most dramatic example of the rapid development of an international conscience and sense of international responsibility concerns the protection of the environment. Even ten years ago, threats to the balance of nature were a matter for specialists. The public generally, and governments generally, were hardly aware that problems existed. In a matter of a few years, we have awakened to the risk that we may be doing irreversible harm to the natural order that sustains life upon the planet.

The Stockholm Conference was the world community's first response to this challenge. It will undoubtedly take its place as one of the major conferences in United Nations history. Through the declaration of the conference, it has established a kind of "environmental charter", providing a sound basis for the development of international environmental law and other co-operative measures for the protection and enhancement of the human environment. The recommendations for action agreed to by the conference demonstrate the willingness of governments to work towards this goal. The endorsement of these recommendations consistent with the spirit and sense of purpose displayed by the declaration will, in the Canadian view, be one of the major achievements of this Assembly.

The Stockholm Conference declared fundamental principles of international environmental law. The international community now has an opportunity to make a further advance in strengthening the international legal regime as it affects the environment. This is in relation to the law of the sea.

Canada, like many other countries, is in favour of convening the third Law of the Sea Conference in 1973, but only if preparations are adequate. This will be possible if the Seabed Committee is able to hold two further sessions during 1973. Then the Conference could be formally launched with an organizational meeting in the fall of 1973.

Those who wrote the Charter had certain clear ideas about what was needed to preserve international peace and security. They inherited some social, economic and legal machinery and devised more. But the most farsighted of them could not have foreseen many of the problems that have preoccupied the United Nations since. The whole range of exercises in peace-keeping, the transition to the post-colonial world, the machinery for economic co-operation between the developed and developing countries, the extended protection of human rights, the work accomplished in relation to the environment, the seabed and outer space -- all have called forth activity unimaginable in 1945.

In a remarkable way, the organization has risen to these demands. It has done so by creating a large and complex family of agencies -- so large and complex, indeed, that strong administrative leadership is as crucial to the continued authority of the United Nations as political leadership itself. To ensure that the machinery functions at maximum effectiveness on a sound and equitable financial basis is a problem of the first order. The Canadian delegation will work to ensure that this problem receives the steady attention it deserves.

Considerations of cost and complexity are, however, a reminder that a price has to be paid if the United Nations is to be flexible and dynamic. I contend that it has displayed these qualities. The successive challenges of the last generation have been met with only two changes in the Charter, to increase the membership of the Security Council and the Economic and Social Council. Apart from this, we have built upon the Charter machinery, giving a living interpretation to the Charter itself. While it has been difficult in practice to secure the required degree of agreement to amend the Charter, this does not seem to have prevented the United Nations from keeping up with the times. Canada is ready to look seriously at any specific proposals to amend the Charter or make it work better, if these have broad support among member states. But I am not convinced that a new Charter that could be agreed upon now would be better than the Charter written in 1945.

I have struck a hopeful note; I may be criticized for that. But I am convinced this is the right perspective. We have to concentrate on the problems of the day. This Assembly will have to concentrate on measures to prevent terrorism, to consolidate our first advance in the environmental field, to secure administrative and budgetary reform, to protect human rights in Africa and elsewhere, and to develop international law, especially the law of the sea and the law governing air-piracy. Meanwhile, the Security Council may well be obliged to deal with threats to peace -- for example, should the current tension in the Middle East rise dangerously. All these matters are sources of deep concern. To deal with them successfully -- to deal with them at all -- will, we know, lead us at times into anger, frustration and despair.

It is, therefore, a healthy corrective to lift our heads from these problems on occasion to remind ourselves of the great work the United Nations has accomplished in the past, and to seek to trace those currents in human affairs that give hope that its greatest accomplishments lie ahead.



STATEMENTS AND SPEECHES

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No. 72/21

CANADA AND A NEW WORLD POWER -- CHINA

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Ontario Region of the Canadian Junior Chamber of Commerce, Toronto, October 14, 1972.

...China's emergence as a world power is one of the most important developments in current international politics. Canada's recognition of the People's Republic of China just two years ago yesterday, and Canada's part in the assumption by Peking of China's seat in the United Nations, are among the most important developments in Canadian foreign policy of the last two decades. What do these developments mean for Canadians?What may we expect from this new relationship with a government representing one-quarter of mankind? What should we learn not to expect? I have ideas on all these matters, based in part on impressions I gained during a ten-day visit to China in August. I am glad to have this opportunity to share these ideas with you.

First, some history: In April 1949, the Chinese Communist Army entered Nanking. This was the old capital of the Nationalist Government, where the embassies of foreign governments were located. Among these was the Canadian Embassy, for Canada recognized the Nationalist Government. The occupation of Nanking symbolized the end of Canada's old relationship with China. This relationship was to remain broken for over 20 years. It was not restored until October 13, 1970, when Canada and the People's Republic of China entered into diplomatic relations.

During those 20 years, Canada's relations with China were at best non-existent and at worst, dangerously bad. It was clear from the beginning that the Peking Government was effectively in control of its territory and people. In other words, it met some of the classic tests for recognition. Successive Canadian Governments between 1949 and 1968 therefore examined the possibility of entering into official relations. But for years, there were serious obstacles to doing so.

Soon after the establishment of the People's Republic of China, Canada and China were involved on opposite sides in the Korean War. That made it impossible for any Canadian Government to consider establishing relations with Peking either during the hostilities in Korea or in the atmosphere of bitterness that followed. But, in the intervening years, spokesmen for the Canadian Government speculated publicly, at the United

Nations and elsewhere, about how contacts could be established with the People's Republic of China on terms acceptable not only to the Chinese but to the international community generally. The central problem was that the Nationalist Government in Taipei and the Peking Government both claimed to be the sole legal government of China. Any formula for entering into relations with the Peking Government had to deal successfully with the dilemma posed by these mutually exclusive claims.

For years, no such successful formula could be found. Meanwhile, Canadian Governments tried to avoid making the problem worse for themselves. Between 1949 and 1968, official Canadian representation abroad doubled, but no Canadian embassy was ever opened in Taipei. In 1966, instead of voting against the annual resolution proposed by Albania in the United Nations, which would have given the China seat to Peking and unseated Taipei, Canada shifted to an abstention. Decisions like these looked forward to a time when it would be possible for Canada to recognize Peking.

The Prime Minister decided in 1968 that the time had come. In his election campaign in May of that year, Mr. Trudeau declared that it would be the aim of his Government to recognize the People's Republic of China as soon as possible and to support the right of that Government to occupy China's seat at the United Nations.

How quickly times change! When the newly-elected Government undertook a review of this country's China policy, some expressed doubts. We were asked why a change was necessary. Such questions seem inconceivable today. Events have shown how well-timed the Canadian move was. In this, we anticipated history more accurately than some of our friends. At the time, we said Canada had to act in accordance with the realities of international life. The Government in Peking was the effective government of China. It had been so for almost 20 years. How could we have gone on ignoring this fact? This seems obvious now. It was less so to many people four years ago. But in the intervening years, following Canada's example, and generally for the same reasons, close to 30 nations have established diplomatic relations with the People's Republic of China. How much credit can Canada take for this turn of events? I cannot say. The Chinese certainly believe Canadian action was influential. I am satisfied, anyway, that the Government made the right decision at the right time.

So we had decided to negotiate with the Chinese about recognition. The next puzzle to many people was, why was it taking so long? The Sino-Canadian talks on recognition lasted 20 months. There is no great secret about the reason for this. The problem was Taiwan. From the very first meeting in Stockholm in February 1969, the Chinese side made clear to us their position that Taiwan was an inalienable part of the territory of China. This was a principle to which the Chinese Government attached the utmost importance. We too made Canada's position clear from the start: the Canadian Government neither endorsed nor challenged the Chinese Government's position on the status of Taiwan. This remains Canada's position to this day.

After much discussion, both sides agreed to a joint communiqué. On the status of Taiwan, it said simply: "the Canadian Government takes note of this position of the Chinese Government". This formula, or one something like it, has been used during the last two years by most of the countries which have followed Canada in establishing relations with Peking. The Sino-Canadian communiqué of October 13, 1970, was the world première of a performance repeated many times since. The formula we worked out with the Chinese has entered the jargon of specialists as "the Canadian formula". Like so many important things, it all seemed so simple once it had been worked out. But remember -- working out this simple formula took almost two years of steady work.

I was proud to announce to the House of Commons that Canada had recognized the People's Republic of China. It was a historic moment. A decisive step arising from the Government's review of foreign policy had taken place.

But I was very much aware that this was just a first step in the development of relations between Canada and China. Even between 1949 and 1970, despite the lack of official relations, there had been contacts in a number of fields. Wheat sales had already made our trade relations with China important. Apart from trade, a few Canadians had travelled to China in those years, seen for themselves something of the Chinese experience, and established contacts with Chinese people. This had been possible, even in the absence of diplomatic relations, because the Canadian Government, unlike some, never put restrictions on travel to China by its citizens. But such contacts, however significant they might have been for individual Canadians involved, were very limited.

At the time of recognition, there remained, in fact, a great deal of ignorance and misconception about China in Canada. The average Chinese did not know much about Canada either. Canada and China had gone their separate ways for 20 years without any official contacts. I was deeply conscious of the need to use recognition to increase mutual understanding. Canadian diplomats and trade experts immediately set to work. The Canadian Embassy in Peking was set up within a few months. Ralph Collins, Canada's first Ambassador to the People's Republic of China, took up his post in June 1971. Chinese diplomats arrived in Ottawa in February 1971. The first Ambassador of the People's Republic of China to Canada, Mr. Huang Hua (now his country's permanent representative to the United Nations), presented his credentials in Ottawa in July of the same year. The process of getting to know each other officially had begun well.

The gap to be bridged was enormous. We were two of the world's largest countries, separated by the world's widest ocean. Ideology had widened the gap geography created. But we were bound to come increasingly into contact. Canada wanted these contacts for the sake of Canadian interests and for the good of the international community at large. China, for its part, was obviously ready for a more outward-looking and more active role on the international scene. Areas where both Canada and China could benefit from more extensive contacts had to be identified and carefully studied.

A significant step was taken in the summer of 1971, when my colleague Jean-Luc Pepin, the Minister of Industry, Trade and Commerce, led an important delegation of Canadian officials and businessmen to the People's Republic of China. This mission, the first Canadian Government mission to visit China, sought to establish close contacts with Chinese ministers, officials and business representatives in all spheres of economic and commercial activity. This objective was fully achieved. During the three working days the Canadian group spent in Peking, no less than 25 separate formal meetings were arranged with representatives of each of the seven state-trading corporations responsible for China's export and import trade, with the People's Bank of China and with the China Council for the Promotion of International Trade.

Through firsthand contact with the Chinese economic ministries and with the foreign-trading corporations, the members of the Pepin mission were able to advise the Chinese in considerable detail of the range, variety and technical sophistication of the many products Canada could supply to the Chinese market. Much of this was new to the Chinese. A good deal of attention was also given to exploring with the Chinese those areas where they might expand their exports to Canada to the benefit of both countries.

The first mission quickly produced results. We agreed with the Chinese to exchange missions in areas of particular commercial interest to both our countries, to hold trade exhibitions in each other's country and also to hold periodic consultations on trade matters. In the course of this visit, Foreign Minister Pai Hsiang-kuo accepted an invitation to visit Canada with a Chinese trade delegation. From the Canadian viewpoint, one of the most significant achievements of Mr. Pepin's mission was China's agreement "to consider Canada first" as a source of wheat. Canadian traders and farmers could be well satisfied that the official phase of our trade relations with the Chinese had begun so well.

Political developments were equally important. At the United Nations General Assembly in the autumn of 1971, Canada supported the resolution calling for the restoration of the right of the People's Republic of China to the China seat in the United Nations. Canada's position was not only the logical consequence of our earlier decision to establish diplomatic relations; despite differences with some of our allies and friends, it was also in accordance with the desire of the large majority of countries represented in the United Nations. Canada was thus particularly pleased to join in welcoming Chinese representatives to the United Nations last year. Since then, at the United Nations headquarters in New York, in other international agencies and conferences, and in Peking and in Ottawa, Canadian and Chinese representatives have usefully consulted about everything from pollution to arms control. We do not always agree with the Chinese. Many times, our views are diametrically opposed. But even when we differ, we have found it possible to discuss the differences frankly, even vehemently. We have not found it necessary to cover up our differences or to talk around them. We have not had to pretend that the differences were not there, or that they could be ignored. It is no surprise that we differ, nor need this detract from the usefulness of meeting and exchanging views. Indeed, Canada argued that it was foolish and dangerous to exclude one-quarter of humanity from the counsels of the world, whether we agreed with what their

Government said or not. The candour of dialogue with the Chinese is a virtue in itself. We should not be discouraged from pursuing it by fears that we risk making matters worse by disagreeing with the Chinese as often as we do. Talking is better than fighting. The Chinese appreciate this as well as we do.

It was in this spirit that I undertook my recent journey to the People's Republic of China. My purpose was twofold: to hold talks on bilateral and multilateral questions with the Chinese leaders and also to inaugurate our Solo Trade Exhibition in Peking. The Exhibition was the largest Canada had ever held abroad. I wanted to underline the importance the Government attached to it. And, as you know, it was a resounding success: \$28-million worth of Canadian goods were sold. Direct contacts were established between Canadian businessmen and representatives of Chinese trade corporations that will almost certainly lead to more sales.

By happy coincidence, China's Foreign Trade Minister, Pai Hsiang-kuo, arrived in Canada for a ten-day tour just as I entered China. During his stay, he was shown a good cross-section of Canadian industrial and technological capacity. Minister Pai inaugurated the Chinese exhibit at the Canadian National Exhibition here in Toronto. You know what a remarkable success that exhibit had. The Chinese Trade Minister also met officials and representatives of all spheres of the Canadian business world. I returned from his country feeling that one more step had been taken in understanding China, its people, its way of life, its place in the world and what it expects of its contacts with other countries. I am sure he felt the same about his visit to Canada.

But what struck me above everything else in my talks both with Premier Chou En-lai, Foreign Minister Chi Peng-fei and other high officials of the Chinese Foreign Ministry was the ease and candour with which we were able to exchange views even on fairly delicate subjects. I was determined from the start to be frank and open with the Chinese. I felt, if we were to have a useful dialogue, we should both express our views clearly and have an opportunity of arguing about them. That is exactly how it happened -- as it turned out, the Chinese were astonishingly frank in their comments to me about international questions and about relations between Canada and China.

On bilateral issues, fortunately, we have no serious problems. Our relations have been developing rapidly and smoothly. We're making progress in breaking down the barriers that have existed for almost a generation between the People's Republic of China and Canada. I hope that we shall make further progress; we would like to see a greater movement of people and an intensified exchange of ideas. The day has not yet come when Canadians can visit China as they visit the United States or Europe. For the time being, the Chinese have neither the desire nor the capacity to cope with large-scale tourism. This is understandable. They have diplomatic relations with some 70 countries. People from all these countries, as well as from some which do not have diplomatic relations with China, want to go to China. China's facilities for receiving them are still limited. Consequently, the Chinese authorities have to be selective in granting visas. They do so according to their own priorities. More and more foreigners will be allowed to visit China. Meanwhile we Canadians can't complain: this past August more than 600 visas were granted to Canadian businessmen, officials and athletes.

During my visit, the possibility of more exchanges in the fields of education, art, sports, medicine, science and technology were discussed. Some important exchanges were arranged. A high-level oil and petroleum mission has just completed what appears to have been a very successful three-week tour of Canada. It has given the Chinese a good look at our technology and our capacity in that field. In November, we shall receive a delegation of Chinese medical doctors and another delegation of Chinese scientists. Negotiations are also in progress to bring a group of Chinese acrobats to Canada very soon. I saw them perform in Peking. I'll bet they'll be a sensation here. From the Canadian side, a mining and metallurgical mission has completed plans to visit China.

All these exchanges, of course, will be made easier by the establishment of a direct air service between Canada and China. A Chinese delegation was in Ottawa this week for the second round of negotiations on a bilateral air agreement.

There is one other aspect of our relations with China that might be mentioned here. I took the opportunity of my talks with Chinese leaders to urge them to give sympathetic consideration to requests by Chinese Canadians to bring their close relatives now living in China to live with them here.

In short, my talks covered most aspects of Canada's relations with China. We explained our respective positions, opened new areas to the exchange of people and ideas, and, to judge from the results already achieved, gave a general stimulus to contacts between Canadians and Chinese.

On international questions, of course, we differed on many issues. We have an entirely different approach to disarmament. They want to continue nuclear testing; we want all testing to stop. They seem less worried than we are over the spread of nuclear weapons. We want Bangladesh in the United Nations now; they want certain conditions to be fulfilled first. And so on. But I came away from my meetings in China with a better understanding of why the Chinese hold the views they do hold in international affairs. To read about the Sino-Soviet split, for example, is one thing. But to hear China's leaders evoke the events which led to it as they saw them, and to sense how deeply China's differences with the Soviet Union affect China's policies on many issues, is quite another.

For my part, I tried to tell those I met not only what Canada's policy is on international questions, but also what geographic, historic, human and economic factors shape our foreign policy. I explained how we view the world and our role in it and gave particular emphasis to our policy of living distinct from but in harmony with our great southern neighbour. I am convinced that through official and informal talks, as well as through the numerous contacts established by Canadians who were in China this summer, the Chinese now know a great deal more about who we are, what we think and do, as well as what we can produce and sell.

I spent a total of ten days in China. In such a short time, one doesn't become an expert on a country like China. But any traveller is bound to be struck by certain things about the country itself. The first thing that strikes anyone who travels about the country as extensively as I did -- by plane,

train, car and boat, and for a hundred yards or so by bicycle -- is that China is first and foremost an agrarian society. All the Chinese officials who spoke to me constantly stressed this. They all set their first priority as agriculture -- second, light industry, and third, heavy industry. This emphasis on agriculture, on food production, is evident everywhere. Others have said it before me, but now I can say it from my own observation: China is a garden. There is not a square inch of arable soil that is not cultivated. My picture of China is of people in the fields working, planting, harvesting, weeding, fertilizing, irrigating, making the best possible use of the land. What the Chinese have achieved in the countryside is enormous. Chinese agriculture is not yet mechanized -- at least, not by Canadian standards. The Chinese are, however, aware of the need to simplify some tasks by letting machines do the work. Gradually, tractors and more sophisticated agricultural tools and equipment are being introduced. But such tools or machines are more likely to bear the stamp "Made in the People's Republic of China" than any other.

This is because the Chinese are determined to become and to remain self-reliant. China does not intend to depend, economically or politically, on other countries. This has some significance for Canada's political relations with China but more for our commercial relations; only if we understand that point will we be successful in trading with China. Self-reliance and foreign trade are not mutually exclusive. As China's standard of living rises, as China increases its capacity to meet its own needs, so also will China's capacity to import. Of course, the Chinese Government will not leave its imports to chance, any more than it does now. Imports will be planned, and planned with a view to making China self-sufficient. If I could leave one idea with this audience, it would be this: China wants the capacity to look after its own needs. If we can contribute to that capacity, then we will be successful.

The third very strong impression I had is that China is determined to take its place in the world, a place in keeping with China's size and its importance. Yet its leaders disavow any intention of assuming the role of a super-power. The Chinese make much of this point: they say they are not now, nor will ever be, a super-power. But how does one measure power? Super-power or not, China is a great country. The Chinese have already begun to have a profound effect on the course of events in the world. They will surely continue to do so.

Canada has made surprising progress in the development of its relations with the People's Republic of China during the past two years. I think the prospects for a greater exchange of goods, of services, of ideas and of people, are excellent. We can continue to build on the foundation we have laid because China's leaders and the Chinese people think well of Canada. Of course, there are deep and obvious differences in our social and political systems. But the Chinese have confidence in their new relationship with us. This basis of confidence and mutual respect will enable our two countries to develop not only our trade but all those ties that are the foundation of a civilized international order.



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CANADA AND LATIN AMERICA

An Address by Mr. Klaus Goldschlag, Director-General, Bureau of Western Hemisphere Affairs, Department of External Affairs, to the Third Annual Conference of the Canadian Association for Latin America, Ottawa, October 19, 1972.

I am pleased to participate in this conference. I am particularly pleased to see the many distinguished Latin Americans who have joined you to explore the patterns of partnership for the future. I am impressed by the range of the dialogue that is to mark the conference. I am sure you are right in aiming at clearer understandings in specific areas. I know that if Mr. Sharp had found it possible to be present today he would have wanted to point to the close identity between the purposes of your conference and those of the Government in pursuing the new Latin American dimension of its foreign policy.

It is important to see the new policy in proper perspective. It is not as if Canada were emerging from "100 years of solitude". Far from it. We have had close and productive relations with Latin America for many years. We have been represented in many Latin American capitals and have had diplomatic relations with all. We have carried on an expanding, if still relatively modest, level of mutual trade. Private Canadian capital has been at work for many years in helping to open up the economies of Latin American countries. We have been involved in a program of development assistance to Latin America since 1964. We have, on a selective basis, sought and obtained membership in a number of inter-American institutions. We have also been working with Latin Americans internationally on a whole range of issues of common concern.

Are we, then, simply setting out to do more of what we have been doing in the past? If not, in what sense are we justified in looking on the foreign policy review as something of a watershed in the Canadian relationship with Latin America?

First, the review represents an up-dating of Canadian foreign policy. We had to take account of the cumulative result of change in Canada and in the world around us. It was clear that the time had come for us to recast some of the basic assumptions of our foreign policy. The changing scene in Latin America was very much part of this process. We wanted to be sure that we were pursuing policies -- in Latin America and elsewhere -- that were likely to be relevant to the world of the 1970s and 1980s.

Second, the review involved a stocktaking of the realities of Canada's own situation. Canada is pre-eminently a North American nation. The range and complexity of our relation with the United States needs no underlining. It is a relation marked by the many things we hold in common, both as continental neighbours and internationally. But it is also marked by a great disparity in influence and power. It was natural, therefore, that our review should have turned to the theme of counterweights that has run through so much of Canadian foreign policy. It is in this context that the geographical diversification of Canada's interests emerged as a clear policy direction, and Latin America as one of the areas towards which our efforts should be directed.

Third, the review endeavoured to lodge foreign policy more firmly within the conspectus of national policy and the national interest. There was nothing self-centred or inward-looking about this. On the contrary, some of the main policy themes brought forward by the review -- working for peace and security, promoting social justice, enhancing the quality of life, ensuring a harmonious natural environment -- make it clear that Canada intends to continue to play its part as a responsible member of the international community. But the new orientation was intended to ensure that Canadian foreign policy was shaped by a sense of purpose and direction in keeping pace with a changing world.

All this is relevant to the policy Canada is pursuing in Latin America. It is not just a policy of good intentions; it is a policy that has been identified as reflecting Canada's national interest. It takes account of changing attitudes in Canada and changing realities in Latin America. It recognizes that each Latin American country has its own personality but that there is also a Latin American community that is more than the sum of its parts. It has been formulated on the basis of a careful inventory of what we think we can reasonably do. And we are trying to implement it systematically within the limits of our resources. In all this we think there is an assurance of continuity for our Latin American partners.

We have proceeded from the assumption that nothing should be taken for granted. We have tried to avoid making assumptions unless we could be sure that they reflected hard realities in the minds of Canadians and Latin Americans. We have preferred, instead, to rely on interests manifestly shared and on concerns demonstrably held in common. We have found a shortage of neither.

We look upon Latin America as a promising trading partner. We think that our trade is far from having reached its full potential. We must now proceed systematically to seize the opportunities which the expansion of our respective economies is opening up on both sides. We are confident that Canadian investment can continue to make a useful contribution to Latin American development. We share with Latin Americans a concern to bring the undoubted benefits of foreign investment into line with the priorities and perceptions of the host country. We have a common interest in effective resource management -- to see that resources are developed for the benefit of our economies and with minimum damage to our natural environment. We want to see account taken of these principles in the evolving law of the sea. We are

at one with Latin Americans in attaching importance to a strategy of development that is based on economic growth tempered by social justice. We are playing our part, through Canada's expanding aid program, in helping Latin America to promote that kind of development. We also share some of the same dilemma in our relations with the United States: the search for a formula that will effectively reconcile the benefits of a close and productive partnership with the undeniable impact it has on our national personalities and choices. It is in the interests of Canadians, as it is in the interests of Latin Americans, to find a harmonious way out of that dilemma.

In the course of implementation, our policy has followed two complementary directions. We have endeavoured, on the one hand, to involve Canada more closely in the system of inter-American institutions. But we have also moved forward on a bilateral front to add content and meaning to our relations with individual countries in Latin America.

In plotting our course, we have been guided generally by the Latin American paper in the foreign policy review series. We have taken that paper as an indication of the Canadian Government's determination to pursue an active policy towards Latin America. We have not taken it as a detailed blueprint for progress. In some areas, in particular, we have found that the momentum generated by the new policy is already carrying us beyond the immediate targets envisaged in the paper. In others, the prescriptions of the paper may not turn out, on review, to be the ones that are best calculated to achieve our broad objectives in Latin America.

Since our policy paper was published, we have joined three of the most important inter-American organizations. This brings to eight the number of inter-American organizations of which we are now full members. We have also sought and been admitted to permanent observer status in the OAS. But the last impression I would want to give is one of Canada's joining institutions for the mere sake of joining. In essence, we have tried to do two things: we have sought links with those institutions which are key institutions in the inter-American system such as the OAS and the Inter-American Development Bank. But we have also joined some of the specialized inter-American organizations operating in areas where we have common interests with our Latin American partners or where we felt that Canada was in a position to make a distinctive contribution.

The question is sometimes asked why Canada opted for permanent observer status in the OAS instead of full membership. It is, I suppose, the question that received the most searching review of all the questions that entered into the formulation of our new Latin American policy. It is often assumed that our hesitation stemmed from Canadian reluctance to complicate our relations with the United States or the countries of Latin America where their views might be in conflict. While that was a factor that might have carried some weight in our consideration of the issue, I do not think it was at any time the decisive factor. We recognized that Latin America was not monolithic in its views, that a diversity of political, social and economic models was, in fact, emerging in Latin America and that, in this much more articulated context, the character of the OAS was also changing. We wanted to observe this evolution at closer quarters to see how it might affect Canadian interests.

A more important factor, I believe, was represented by the collective-security provisions of the OAS charter and the closely related articles of the Rio Treaty. In particular, it might have been difficult to muster public support in Canada for an arrangement under which constraints could be placed on Canada's freedom to conduct its foreign policy in accordance with what Canadians see as their national interest. We are, of course, members of a number of organizations in which we have agreed to consult on matters of foreign policy. But in none of these, with the sole exception of the Security Council of the United Nations, is there provision for taking decisions by majority vote -- decisions which become binding on member states whether or not they have explicitly subscribed to them. At a time when Canadians look to the Government to pursue a foreign policy that will be seen to reflect Canadian perceptions and Canadian aims, it would have been difficult for the Canadian Government to accept commitments in the OAS that would be seen by many Canadians to run counter to this trend.

Canadian membership in the OAS is not, however, foreclosed. We hope, from the vantage-point of permanent observership, to gain a better view of the workings of the OAS. We are also following closely the shift in the direction of OAS activities that commenced with the Act of Bogota in 1960 and that culminated in the adoption of the Protocol of Buenos Aires in 1967. The new emphasis the OAS is placing on raising living standards, on ensuring social justice, on achieving economic development and on promoting educational, scientific and cultural advancement is in line with Canadian priorities and represents a promising focus for fuller Canadian participation in the affairs of the hemisphere.

It is this same line of reasoning that prompted Canada, in May of this year, to become a member of the Inter-American Development Bank. This was not, of course, the beginning of our association with the Bank. Since 1964 we had, in fact, found it convenient to use the Bank as a channel for Canadian development assistance to Latin America. At the time of the foreign policy review no substantial modification of this arrangement was contemplated. A decision on full membership was explicitly set aside because of the relatively high proportion of Canada's total development-assistance budget that membership was expected to absorb.

In the event, we decided to move beyond the policy foreshadowed in the foreign policy review. We did so because it seemed to us that it would not be compatible with Canada's reshaped policy towards Latin America to remain detached from the institution that, perhaps more than any other, is identified by Latin Americans with their hopes for a brighter economic future. I am glad to say that our Latin American friends understood Canada's accession to membership in the Bank in precisely that spirit. They welcomed the increased funds Canadian membership will mobilize for Latin American development. They also welcomed the fact that the addition of another donor member will help to give the Bank a more distinctively multilateral character. But, above all, they welcomed our accession to the Bank as a real and convincing expression of Canada's commitment to the hemisphere.

We look upon the Bank as the main vehicle of our participation in Latin American development. But we have also instituted a bilateral program of technical assistance for Latin America that will enable us to put Canadian skills and Canadian experience at the disposal of our Latin American partners. These two steps, between them, will involve more than a fourfold increase in the level of our development assistance to Latin America as compared with our assistance to that area before the new policy was brought into effect.

So much for the record of what has been accomplished. But we do not look upon our Latin American policy as something static. We intend to push forward on the course that has now been laid out. In particular, we hope to be able to enhance our participation in the inter-American institutions of which we are members. We also hope to associate the Canadian provincial governments and Canadian institutions and organizations of various kinds more closely with the functional activities of the inter-American system that are of direct interest to them.

On the bilateral plane, we made a very promising start in strengthening relations with Mexico at the ministerial meeting that was held here in Ottawa almost exactly a year ago today. We are pursuing the many avenues of closer co-operation that were opened up by that meeting -- cultural, commercial and technical. We shall be concerned in the months to come to extend that pattern of co-operation to other countries of the hemisphere. We shall be holding a meeting of our Latin American heads of mission in Brasilia next month to review progress and to identify new directions for carrying forward our Latin American policy.

No policy ultimately stands much of a chance of being viable that is not backed by public opinion. That is why we have looked to organizations like the Canadian Association for Latin America to help us bring home to Canadians the value of the closer partnership with Latin America at which we are aiming. That is why we have been meeting periodically with your executive to make sure that we were moving in parallel and not at cross purposes. That is also why the Canadian Government has now formally agreed with the CALA to support it in the efforts it is launching to acquaint the Canadian business community and others with the new opportunities that are being opened up by closer Canadian involvement in the hemisphere.

If any evidence of the Association's pioneering work were needed, we need look no further than this conference. The aim of the conference -- to identify what Latin Americans seek from Canada and what Canadians can offer to Latin America, to define the principles that should guide our partnership, and to create a basis for better understanding -- is a promising pointer to the future. It will be for decision-makers at every level in Canada to try to translate the conclusions of the conference into concrete results.



STATEMENTS AND SPEECHES

INFORMATION DIVISION

Canada - DEPARTMENT OF EXTERNAL AFFAIRS

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CANADA, THE EEC AND THE UNITED STATES

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Canadian Institute of International Affairs, Toronto, 18 November 1972.

I am grateful for this opportunity to speak to you briefly about Canada's economic relations with the EEC and the United States....

The reference to Canada in the EEC summit communiqué is no accident. It is visible evidence of the success of a campaign of persuasion to which the Government has devoted a good deal of effort in the past two years particularly. The campaign has been conducted at the level of officials on a continuing basis; and... it involved a good deal of work, travel and persuasion for me and for my colleague... the Minister of Industry, Trade and Commerce.

We were conscious that, from both the political and economic point of view, the emergence of the new Europe raised questions of the first importance. For the purposes of today's discussion, I am setting aside the political considerations. But the economic stakes alone justify the most careful reflection. By 1980, the imports of the enlarged EEC from the outside world could soar to \$130 billion. Canada -- the world's fourth exporter after the EEC, the United States and Japan -- must take the Common Market very seriously. The ten countries already form what is by far the world's largest trading unit; they imported over \$70-billion worth of goods from the outside world last year. Of these \$70-billion worth, over \$2,000,700,000-worth of goods came from Canada. They represented 17 per cent of our total exports and about half of our exports outside North America, making the EEC our second-largest trading partner by a considerable margin.

Yet we can do much better. We shall have to do much better. Since 1958, Canadian exports to the EEC have increased greatly. They have not, however, kept pace with the increase in total EEC imports from the outside world. Our share of those markets has declined. Just as important, our exports to the EEC have not followed the trend in EEC imports toward manufactures and processed goods and away from primary materials and commodities. It is here, particularly in sectors of intensive technology, that we shall have to improve greatly.

It has not been easy to assess the cause of our difficulties in this category of exports to the EEC. Access has been a problem for a number of products, including some of interest to Canada. But this problem should not be exaggerated. By and large, the common tariff of the European Community is low. In spite of protective policies in the agricultural sector, the Community remains a large agricultural importer. Other world traders have done very well in this EEC market. Certainly the Americans have with their export of sophisticated manufactures to the EEC, although they have been helped by their massive investment in Western Europe. Much of the difficulty probably lies with our industrial structures and trading habits themselves. We can't sell too well what we don't make, obviously. For this reason, we are thinking about our general policies toward the EEC very much in terms of policies on which we are working in other areas: energy policy, investment policy, industrial policy generally -- including policy on secondary industry and policy on research and development -- and other related policy studies. Our success in realizing our own potential could well be related to some extent to the EEC's success in doing the same thing. We should develop a degree of interest in this expanding but difficult market in keeping with its potential and with what we are doing, say, in the United States market.

We can also find a basis for understanding with the Europeans in the fact that we share some of the same problems. Many of you will have read the book by Jean-Jacques Servan Schrieber of a few years ago which has by now become something of a classic, *Le Défi Américain* (*The American Challenge*). You will recall that *Le Défi Américain* documents the difficulties the Europeans have had in building big enough companies in technologically-sophisticated fields to generate sufficient capital, to finance sufficient research and development, to permit the innovation in technology, to make these companies competitive. Meanwhile, European firms have shown a tendency to sell out more often to American multinationals than to a European competitor. Put in these terms, the Europeans have a problem with which we have had some experience.

Common problems don't necessarily make partnerships. We should all, I'm sure, prefer to choose our bedfellows on some basis other than misery. Moreover, I think that both the EEC -- which has wrought an economic miracle -- and Canada -- which last year led the world in growth in industrial production -- are buoyant in terms of economic expansion. But there are problems. To the extent that these are common to both the EEC and to Canada, we can help each other to develop solutions to our mutual benefit. This is the basis for partnership and this is the time to make the effort required.

In recent years, we have also been trying hard to develop closer economic relations in the field of sophisticated manufactured goods. We have sent technological missions and trade missions to Europe. We have had some good results. But now I think that we shall begin to get better results. I don't know if the Europeans have had the political will in the past to make the effort necessary. They may have been inhibited by reservations about the degree to which Canadian interests were nationally distinct, and about our wish to co-operate in the future.

The Government decided several years ago that it was necessary to have no doubt in European minds on these points. Furthermore, the Canadian case had to be presented with particular persistence and force because the Europeans were understandably preoccupied with the task of internal consolidation. We had to rap firmly but politely on the table to get their attention. We had to make plain, to take only one example, that, with Britain's entry into the EEC, over 40 per cent of our 1971 exports to Britain -- trade valued at more than \$1,300 million -- would face more difficult entry. We wanted to explain that we had no quarrel with the British decision, which was for Britain to take; on the contrary, we rejoiced in the success of the EEC. But the parties to the enlargement had to understand that the burden of adjustment thrown upon Canada was greater than that placed upon any other country outside the enlarged Community. There were other issues as well. We had, above all, to change the attitude -- which for a variety of reasons had been common in the EEC countries -- that the view they took of their relations with the United States would do more or less for their relations with Canada.

In all this, we have had an encouraging measure of success. In June, a mission of senior officials held discussions with all the member countries of the EEC, as well as with Britain, Ireland and the EEC Commission. The mission found that the Europeans recognized the unique impact enlargement of the Community was going to have on Canada and welcomed Canada's constructive, matter-of-fact approach to British entry. The Europeans generally were open to a Canadian proposal that Canada and the EEC should examine the long-term development of relations, including the possibility of concluding a bilateral most-favoured-nation (MFN) agreement between Canada and the enlarged Community. There were useful discussions of what would be involved in bringing up to date the various bilateral trade and economic agreements Canada already had with member countries, to take account both of the enlargement of the Community and of its internal consolidation. The Europeans were assured that the Canadian objective was to reinforce bilateral relations with the member countries of the Community through creating an appropriate framework linking Canada and the EEC as such. The mission emphasized that what Canada had in mind would complement the GATT and other multilateral institutions, not substitute for them. It was also recognized that, since the Community was still evolving, any agreement negotiated in present circumstances would have to be flexible enough to accommodate itself to future changes in the powers of the Commission itself.

It was in part because of careful efforts like this that, when the European summit meeting took place in the autumn, the question of the EEC's relations with countries outside the Community was on the agenda. And because we had worked hard to prepare the ground, the European leaders affirmed in the summit communiqué that they wished "to maintain a constructive dialogue with the U.S.A., Japan and Canada and the other industrialized Community partners, in an outward-looking spirit and the most appropriate form". If the summit had taken place, say, two years ago, I very much doubt that it would have seemed natural to the leaders of the EEC countries to single out Canada in this way along with the United States and Japan.

I am happy to say that the constructive dialogue mentioned in the summit communiqué is continuing. A delegation of senior EEC officials will begin a four-day round of talks with their Canadian counterparts in Ottawa next week. These talks will provide an opportunity to review certain world economic problems, like inflation. They will also provide for further examination, in considerable detail, of the substance of Canada's relations with the EEC. While the talks remain exploratory in nature, it will provide some indication of how thoroughly the matter is being pursued if I list some of the subjects we have said we want to discuss. They include the possibility of negotiating a bilateral MFN agreement with the Community itself, the modernization of agreements relating to goods in transit, the question of state-purchasing policies, of countervail, cabotage, export subsidies, concessional financing, security of supplies of energy and raw materials, copyright, consumer protection, protection of the environment, standards and quality control.

These are not the only subjects we have mentioned, and the representatives of the Community will not necessarily be in a position at this stage to pursue even subjects I have listed. But there is no question that the dialogue is well and truly launched. And there is no question that it proceeds from a clear understanding on the part of the EEC Commission and of the EEC governments that the problems posed for Canada by the enlargement and consolidation of the Community merit serious and separate consideration.

Let me now turn to our relations with the United States. Here I think the present state of play may be somewhat clearer, because the Government's position has been placed on the record with considerable care in recent weeks and even days.

To begin, I hope that, if you have not done so already, you will obtain a copy of the special issue of *International Perspectives* that appeared on October 17. This issue was entirely devoted to my article entitled "Canada-U.S. Relations: Options for the Future". The article represents some of the main assessments and conclusions of a series of studies that had been in progress for about a year in the Government, to which both my Cabinet colleagues and officials of the Department of External Affairs contributed. If you wish to acquaint yourselves with the Government's basic approach to Canada-U.S. relations, I urge you to read this article.

The studies on which the article is based were begun in the mood of questioning that followed the announcement of President Nixon's new economic policy in August 1971. I shall try to summarize the main lines of its argument. In the face of the inherent pull of continental forces, the article identifies three options for Canada in the future development of our relations with the United States. They are:

- (a) Canada can seek to maintain more or less its present position in relation to the United States with a minimum of policy adjustments;
- or (b) Canada can move deliberately towards closer integration with the United States;

or (c) Canada can pursue a comprehensive long-term strategy to develop and strengthen the Canadian economy and other aspects of its national life and in the process to reduce the present Canadian vulnerability.

The first option -- maintaining the present position in relation to the United States with a minimum of adjustment -- would involve pursuing the same general trade and industrial policy to which we are accustomed. There would continue to be a large degree of laissez-faire in our economic policy. The multilateral, most-favoured-nation approach would continue to rule in trade policy. We would go on trying to get better access to United States markets, to maintain some form of special relation with the United States. Industrial development would continue to be export-oriented to a considerable degree. Exports generally would still be dominated by commodities and semi-processed goods. No doubt we should continue trying to diversify our exports while avoiding so far as possible any greater degree of dependence on United States markets. We should try also to obtain more employment in Canada through a greater degree of processing of Canadian commodities. But this would be essentially a pragmatic option. We should deal with the issues as they arose, and not concern ourselves greatly about where the broad tendency of our policy was leading us, or whether the various parts of our policy were guided by a single sense of direction and purpose.

How well would this option work for us in practice? That would depend on the relative success we had in maintaining our position in United States and other markets. The costs of this option would vary accordingly. But suppose we take an optimistic view. Suppose the United States does not turn protectionist, and suppose an open world-trading system brings Canada success in other markets as well. We might pursue this option for some time with apparent success. But the fact is that the continental pull has a momentum of its own. Therefore there is a risk that, in pursuing this purely pragmatic course, we should be drawn more and more into the United States orbit. And remember, even this is on optimistic assumptions. In appearance, we should be following a policy intended at least to maintain, if not improve, our present relative position. But in fact, we might be falling behind.

The second option would be closer integration. This could mean many things. It could mean more arrangements like the Auto Pact, confined to particular industries. These arrangements, we know, have advantages. But they create difficulties too. They could put us at a bargaining disadvantage both with the United States and with other trading partners. We might come to the conclusion that something more extensive was necessary -- a free-trade area or even a customs union. Either of these would lock us permanently into arrangements with the United States that, in themselves, might appear to be to Canada's material advantage. But would they increase our independence?

In fact, were we to pursue this option, we might be forced to the conclusion that the only way we could compensate for the overwhelming economic power of our partner would be to opt at the same time for some form of political union. In this way, we should seek to obtain maximum direct influence over the economic decisions that affected us.

I have pursued the logic of this option to the point where its difficulties will be plain to you. It has undoubted attractions in material terms. There is a sort of parallel in it to the movement towards European unity. But the parallel breaks down on examination. There is a world of difference between the internal balance which can result from economic and political union of a number of European societies, which positively desire to overcome old enmities through union, and the internal balance which would result from the union of two North American societies, one of which is so immensely powerful that the other must struggle to maintain its distinctiveness.

And all of this is without asking whether either Americans generally or Canadians generally would want union. I should not try to predict what the reaction might be in the United States. In Canada, I should expect almost any form of closer integration to arouse more opposition nowadays than proposals of this kind have in the past; and I should expect the opposition to come from all parts of the country.

The third option would be to decide that, over time, we should work to lessen the vulnerability of the Canadian economy to external shocks, especially those from the United States. Our purpose would be to recast the Canadian economy to make it more rational and more efficient as a basis for Canada's foreign trade. The basic nature of the economy would remain unchanged. The option would mean encouraging specialization, rationalization and the emergence of strong Canadian-controlled firms. Our domestic base, a prosperous nation of 22 million, should be adequate to produce efficiency in all but the most complex and capital-intensive industries. We should still depend for a great deal of our national wealth on our success in exporting goods and services. But we should deliberately broaden the range of foreign markets in which we could successfully compete. We might also find that Canadian firms could provide a higher proportion of our domestic needs -- not because we were deliberately trying to reduce our dependence on imports but simply because they were the most competitive suppliers. There would be no question of retreating from our fundamentally liberal trading policies into protection, or of abandoning the most-favoured-nation principle in trade agreements with the United States or other countries.

This option would require close co-operation of government, management and labour. It would require, as well, the close co-operation of all levels of government. Since the option involves a deliberate strategy, some degree of planning would be involved. But, considering the wide range of government involvement in the economy already, I doubt whether this option would radically alter relations between government and business. Working out the required consensus between the Federal Government and the provinces would require close consultation, but I see no reason why this need lead to friction. On the contrary, the basic harmony of federal and provincial objectives in industrial development could widen the area of federal-provincial co-operation.

Much the same could be said of the cultural dimension. The kinds of policy instrument required to support an independent and flourishing national culture already exist. What may be necessary is the extension of policies that have already proven their worth to sensitive new areas created by the age of mass communication.

These, then are the three options. Now that you know what they are, I can make some general comments on them.

First, options are not policies. They provide a framework within which policy decisions can be taken. They can give a basic orientation to policies. But they are not policies themselves. Within the limits of any one of these options, quite a wide range of different practical measures could be adopted. Depending on circumstances, quite different policy "mixes" could be consistent with the option in question. All the option gives you is the sense of direction in which you want to be heading.

Even this may overstate the case. There is a real difference between the first option on the one hand and the second and third on the other. The first is not really a strategy at all. It is reactive. It involves waiting on events. It means facing individual issues as they arise, and deciding these issues on their own merits, not in relation to some larger purpose. In this sense, it does not pretend to tell you where you are going. The second and third options, by contrast, involve choosing a goal, acting rather than reacting, and judging individual issues in relation to the goal chosen. In the case of the second option, the goal would be integration with the United States in some form; in the case of the third option, the goal would be an economy and culture less vulnerable to the continental pull.

All three options are, of course, abstractions. Like all abstractions, they tend to simplify complex matters. But the distinctions they draw between the various courses open to Canada are basically valid and useful. None of these options is a straw man, set up only for the sake of being knocked down. Nor is this a case of three alternatives, of which two are plainly unacceptable extremes and the third merely a compromise with no virtue other than the fact that it is a compromise. On the contrary, each option has a perfectly respectable argument that can be made for it. Each has to be thought through in its own right. And you will find that the article on Canada-United States relations tries to pursue the logic of each option in a detached and dispassionate way; it gives a fair picture of the implications in all three cases.

The Government has given these options careful consideration. The published article on Canada-United States relations in fact represents the distillation of a number of discussions in the Cabinet and studies by officials. This process has been going on for the better part of a year. The Government's conclusion is quite clear: our choice is Option Three. We believe that Option One, the pragmatic option, runs a serious risk over time of weakening Canada's relative position. We believe that Option Two, the option of integration, is unacceptable for a variety of reasons. In the Government's view, the best choice for Canada is Option Three: to pursue a

comprehensive long-term strategy to strengthen the Canadian economy and other aspects of our national life and in the process to reduce the present Canadian vulnerability.

The third option, then, demands some additional comments. To begin, let me repeat: an option is not a policy: it only gives a sense of direction to policies. Some of these policies already exist. Others remain to be worked out in the mutually-supporting fields of fiscal and monetary affairs, trade, competition and foreign ownership, science and culture. Under Option Three, we shall have a permanent test for each policy instrument we devise; what will it do to strengthen our economy and reduce its vulnerability? And we shall be compelled to examine each policy instrument in relation to the others, because each will be intended to support and reinforce the others. The proof of the pudding will be the kind of industrial strategy we pursue, the kind of energy policy we adopt, and so on. But the result will not be anything it would be sensible to call "Canada's United States policy". The emphasis of the third option is on Canada -- on decisions that have to be taken in this country by Canadians -- rather than matters to be negotiated with the United States. Deciding about Option Three means deciding what sort of Canada Canadians want to have. To borrow the language of the foreign policy review, it means ensuring our continued freedom to develop in our own way through a judicious use of Canadian sovereignty.

Thus the option is in no way an anti-American option. It implies no hostility to the United States. It assumes continuing friendship. Its object is to lessen Canadian vulnerability over time. This means two things: that, especially in an age of interdependence, it will be impossible to make Canada totally invulnerable to continental pressures and unrealistic even to try; and, second, that whatever success we have will be achieved not overnight but over time. So there will be no sudden break in the pattern of Canada's relations with the United States. Nor, even in the long run, will the relation cease to be unique in the world in its closeness and complexity. It is entirely consistent with this option that Canada and the United States will go on being each other's best customer by a wide margin. There may even be particular areas of our exports where the United States market will become relatively more important than is the case even today. But this will not be a factor of increased dependence; it will be a factor of the competitive success of export-oriented Canadian firms too well-established to create fears of increased Canadian vulnerability. The economic relation between Canada and the United States will continue self-evidently to be a special relation in its scale and intimacy, but perhaps less so in the sense of demanding special arrangements to ensure that it functions well.

This, then, is how the Government proposes to approach Canada's relations with the United States. Obviously I have been speaking about a complex process that could only unfold over a period of months and years. Many policy decisions will be involved. Some of these decisions have already been taken; others are matters for a relatively remote future. But some are matters of immediate concern. I think you can count on seeing this reflected in the program the Government presents to Parliament at the opening of the new session.



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
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PREPARING FOR THE THIRD LAW OF THE SEA CONFERENCE

A Statement in the First Committee of the United Nations General Assembly on November 30, 1972, by the Canadian Alternate Representative, Mr. J.A. Beesley.

As we meet here for the fifth successive year to take stock of the results of our collective efforts to develop the Law of the Sea along new and progressive lines, one can detect a feeling of regret and disappointment that we have not accomplished more, coupled with a mood of caution and optimism concerning our future work. The time has come for us to decide whether, when and where to commence the Third Law of the Sea Conference. Resolution 2750-C of the twenty-fifth General Assembly requires of us that we make this decision at this time. It is, therefore, important that we be quite clear as to the nature and extent of the work requiring completion before the Law of the Sea Conference can commence with any reasonable assurance of a successful outcome.

As we pointed out in the concluding days of the last session of the Seabed Committee in Geneva last August, it is obvious that the preparatory work of the Seabed Committee has not been completed and that much remains still to be done. We do not, however, share the view expressed by some that it is premature to attempt to decide at this session of the General Assembly on the Third Law of the Sea Conference. As we made clear in Geneva, we share the widely-held view that the preparatory work of the Seabed Committee has progressed to the point where one can foresee with some confidence sufficient further concrete progress from two more sessions of the Seabed Committee to enable us to commence the Conference.

A number of delegations have referred to the importance of the agreement we have reached on the "list of issues". My own delegation attaches considerable significance to this achievement, since we recognize that the negotiations on that question triggered the process of substantive negotiations on the underlying issues. It is true that no single item on the list will attract the same degree of support from all delegations, but it is equally true that no delegation can any longer have justifiable fears that any issue of importance to it will not be considered at the Law of the Sea Conference. We have, therefore, gone from a decision in principle two years ago in favour of a comprehensive approach to the future Law of the Sea to the specific application of that principle to a range of separate but closely interrelated issues. During the negotiating process, we have all become much more keenly aware not only of the nature and extent of the problems facing us

but of the respective national interests of various states as they see them with respect to each of these issues, and, I would suggest, the general interest of the international community as a whole in the resolution of these problems. Side by side with these negotiations, there have been on-going negotiations on the broad outlines of solutions to a number of specific problems, which I shall refer to a little later. It is thus a truism that the Law of the Sea Conference has, in a sense, already begun.

It is important to note also, as a number of delegations have reminded us, that we have embarked upon a major restructuring of the Law of the Sea, not a mere codification exercise, as was in large part the case in 1958. As a consequence, our task is more complex, the situation more fluid, and it is less easy to determine the precise extent of the progress on any single issue. A further complicating factor is that much of the substantive negotiation goes on outside the Seabed Committee. I refer, for example, to the results of the Stockholm Environmental Conference, the Afro-Asian Consultative Committee meeting of last year, the Santo Domingo Conference of Caribbean States, the African States' Regional Seminar in Yaoundé, the recently-concluded London Conference on Ocean Dumping, and the preparatory meetings for the IMCO Pollution Conference, as well as to the many proposals on specific issues advanced in many different forums, be they governmental or private.

Taking all these developments into account, it is clear that, while we do not have existing draft articles on all of the issues before us, nor even generally-accepted draft articles on any single problem area, we do have clear evidence of developing trends on particular issues which provide us with what a number of delegations have termed a "blueprint" for the future structure of the Law of the Sea.

What are these trends?

In the view of the Canadian delegation, the general willingness of states to reconsider their rights and obligations as they are affected by both new and traditional uses of the seas is the major development in the field of international law over recent years. Only developments in the law of outer space and of the environment can come close to ranking in importance with this trend. The Law of the Sea has for centuries reflected the common interest in freedom of navigation. Only in the past two decades has it begun to reflect the common interest in the resources of the seabed. Only in the last decade has it begun to reflect the common interest in conserving the living resources of the sea. Only in the past few years has it begun to reflect the common interest in the preservation of the marine environment itself. Only in the past few years have we even begun to think of an international regime for the area of the seabed beyond national jurisdiction. The law is, however, beginning to change. It has already been altered by state practice and it will be transformed further by any successful Law of the Sea Conference. No more radical or more constructive concept can be found in international law than the principle of the "common heritage of mankind". Only in the field of outer-space law can we find an analogous example of a common commitment to the negation of sovereignty in the common

interest. Only in the field of environmental law on such issues as the duty not to create environmental damage and the responsibility for such damage can we find examples of concepts having at once such serious and yet encouraging implications for the development of a world order based on the rule of law.

One of the most encouraging trends in the process of progressive development of international law is the increasing evidence that, for the first time in 300 years, large numbers of flag states, on the one hand, and coastal states, on the other, are prepared to accept limitations upon their pre-existing rights -- and the acceptance of corresponding duties -- coupled with the recognition of a need to work out accommodations between their respective interests and those of the international community as a whole. While there are those who lament the death of the traditional unrestricted freedoms of the high seas, there are more who rejoice that the traditional concept of freedom of the high seas can no longer be interpreted as a freedom to over-fish, a licence to pollute, a legal pretext for unilateral appropriation of seabed resources beyond national jurisdiction. No one has suggested an end to freedom of navigation on the high seas. No one has suggested an end to an innocent passage through international straits. No one has suggested an end to flag-state jurisdiction. But no one can any longer seriously argue that these traditional rights can remain unrestricted by law and divorced from corresponding duties.

The Canadian delegation has suggested the concepts of "custodianship" by coastal states and of "delegation of powers" by maritime states as the possible basis of the new regime for the Law of the Sea. Whether or not these terms find their way into the emerging doctrines of international law, the conceptual approach they reflect is, in our view, already embodied in such proposals as the "economic zone" and the "patrimonial sea". These proposals illustrate clearly that ocean space will no longer be divided in an arbitrary fashion between two distinct zones, one under national sovereignty, the other belonging to no one. No longer will the Law of the Sea be based solely on conflicting rights. No longer will the high seas be subject only to the roving jurisdiction of flag states. The concept of management of ocean space reflected in the decisions at Stockholm, in the proposals in the Seabed Committee, and the Convention drafted at the London Ocean Dumping Conference are a clear indication of the direction of the future Law of the Sea.

It is worth noting that the Stockholm Conference was in itself a preparatory conference for the proposed IMCO Pollution Conference, the London Ocean Dumping Conference and the Third Law of the Sea Conference. The London Ocean Dumping Conference and the IMCO Pollution Conference will, in turn, each have further contributed to the preparation for the Law of the Sea Conference. A classic example of the way the law is being developed can be seen in the interrelation between these various conferences:

The Stockholm Environmental Conference affirmed the principle, for example, that no state has the right to damage the environment of other states or the area beyond national jurisdiction. The London Ocean Dumping Conference translated this principle into binding treaty law.

The London Conference even translated into treaty form the controversial principle on the duty to consult, on which it had proved impossible to reach agreement at the Stockholm Conference, in Article 5 of that Convention, which makes clear that states wishing to avail themselves of the right to dump noxious wastes in an emergency situation must consult both with the proposed organization and with states likely to be affected by such action.

Similarly, the Stockholm principle on the duty of states to develop procedures for the determination of liability and compensation for such damage is translated into binding treaty form in the London Convention.

The Canadian delegation hopes and expects that the IMCO Conference, which will be considering both the control of intentional discharge of noxious waste from ships and the rights of coastal states to intervene on the high seas in certain emergency situations, will carry the Stockholm principles another step forward in translating legal principles into binding treaty obligations.

Thus we see here the phenomenon of a number of separate but interrelated conferences all leading towards the Law of the Sea Conference and, at the same time, the recurrent theme in all of these conferences of recognition of the need to preserve the marine environment, not merely through new rights of states but through the imposition of new duties upon states.

I can think of no more encouraging development for the future Law of the Sea. It is obvious that the Third Law of the Sea Conference can draw upon and build upon these precedents. It is equally obvious that all of these developments must be harmonized in one great global settlement.

In applying these new trends and emerging concepts to other basic issues requiring resolution at the Law of the Sea Conference, it seems evident that the embryo of an overall accommodation lies in agreement upon a very narrow band of coastal seas, subject to complete sovereignty and a wider band of specialized jurisdictions, extending as far as necessary to meet particular objectives, which in principle could have varied limits but in practice might well together comprise a single "economic zone" or "patrimonial sea". The narrow band of sovereignty or territorial sea could be established as extending only to 12 miles, as so many states, including my own, have already accepted. But no one should regard the figure "12", which is, after all, a simple multiple of three, as sacrosanct, and it may be that an even narrower, generally accepted limit might -- if coupled with the "economic zone" concept -- facilitate the resolution of this and other related difficulties, such as, for instance, passage through international straits.

To put it simply, we consider that the concept of "economic zone" is the keystone to any overall accommodation on the Law of the Sea. Differences of view may exist concerning the precise nature and extent of jurisdiction to be asserted but it is evident that there can be no solution which is not based on the "economic zone" approach. This presupposes a willingness on the part of major maritime powers to acquiesce in new forms of jurisdiction by coastal states embodying both rights and obligations, elaborated in treaty form, and subject, we would hope, to third-party adjudication concerning the application of these rights and obligations. With respect to coastal states, such an accommodation would presuppose, as a minimum, a willingness to recognize the interests of the international community as a whole, and particularly the major marine states, in freedom of navigation through such zones. Undoubtedly such an economic zone would have to include jurisdiction over the living resources of the sea, which, if not exclusive, would at least include coastal-state preferential rights, plus pollution-control jurisdiction and sovereign rights over the resources of the seabed of the economic zone. It may be that the continental shelf would extend in some areas beyond the economic zone. In return for acquiescence by other states in these forms of jurisdiction by coastal states, coastal states would accept a narrow territorial sea.

A further developing trend, not so readily perceived as the others just mentioned, perhaps, but nonetheless apparent for those who care to look for it, is the growing recognition of the need to seek accommodations which will reconcile not only conflicting interests but conflicting uses of the sea. The London Conference on Ocean Dumping provides an interesting precedent on this issue as well as others. A number of major maritime powers, who are also major industrialist states and thus major dumpers, joined together with a large number of coastal states and voluntarily agreed to accept self-denying treaty obligations prohibiting their right to dump certain noxious substances into the oceans of the world and seriously curtailing their rights to dump other such substances. That they did so reflects great credit upon them, but the implications go well beyond the particular example, in terms of the future development of environmental law and the Law of the Sea. Of equal importance is the willingness of the major maritime states to join with these coastal states in sharing the enforcement of this Convention. Of no less significance was the willingness on the part of coastal states at that conference to work out such accommodations with the major maritime powers on the delicate jurisdictional issue of coastal states' rights of enforcement. The solution adopted of shared or "universal" jurisdiction -- that is to say, enforcement by all parties to the Convention -- augurs well for the success of the Law of the Sea Conference. Such a solution does no violence to the interests of any state. Such a solution is quite clearly based upon the common interest of all states in the preservation of the marine environment.

It is worth noting, for example, that the Working Group on the Seabed Regime has done much valuable work based on the clear precedent of the Declaration of Principles on the Seabed Beyond National Jurisdiction, and one may wonder how much further concrete progress can be achieved short of the highly-intensive negotiating atmosphere which will prevail only at the

Law of the Sea Conference. Understandably, states may be reluctant to make the crucial "trade-offs" on these questions until they are in the final and definitive negotiations. A Working Group on Marine Pollution has been established, which, although it has as yet produced little concrete result, has the preparatory work of the Stockholm Conference to draw upon, including in particular the 23 principles on marine pollution endorsed by the Stockholm Conference and also the three coastal-state jurisdiction principles referred to the Law of the Sea Conference by the Stockholm Conference for appropriate action, and now the Ocean Dumping Convention. It may reasonably be assumed that the comments from states requested by the Working Group will be extremely useful in translating the Stockholm principles on prevention of marine pollution into binding treaty form. The Canadian delegation intends to table at any early date a comprehensive draft treaty on marine pollution that, we hope, will further contribute to the process of developing accepted rules of law on the preservation of the marine environment.

There are a number of proposals on fisheries that, while divergent on a number of issues, have in common one fundamental principle -- namely, the need to manage and conserve the living resources of ocean space. On this issue, as with the seabed regime, final conclusions will almost certainly have to await the negotiating situation which will exist only in the Law of the Sea Conference. It is important to note, however, that a further encouraging trend for the future can be detected from recent decisions of ICNAF establishing quotas over several species of fish in the North Atlantic region, including even ground fish.

In examining the state of preparations for the Law of the Sea Conference, it is important to note also the many constructive contributions consisting of working papers on a variety of subjects. These working papers illustrate very clearly that preparations need not take the form only of draft treaty articles. The Canadian delegation, for example, has itself proceeded over the last five years from a series of conceptual statements on various problem areas to a series of position statements on specific issues to the tabling of four concrete working papers on the seabed regime, fisheries conservation, scientific research principles and the preservation of the marine environment. Many other delegations have also submitted working papers on a variety of questions.

One is bound to note the lack of tangible progress on international straits and certain other issues, but even here there has been progress of a sort during the negotiations on the list of issues. Moreover, as I have previously suggested, imaginative approaches to the problems of coastal jurisdiction, such as the combination of rather narrow territorial seas and more extensive economic zones, may well produce solutions here where more traditional attitudes have failed.

I have referred to a number of encouraging trends but, in so doing, we accept that much remains to be done. A trend is not a draft convention. The way has been paved, however, for an attempt to draft concrete conventions. My delegation therefore shares the view expressed by so many others that there is no need to postpone the commencement of the Conference until we have completed draft articles on all the many issues requiring resolution.

To sum up, the Canadian delegation is neither discouraged about the state of our present preparedness for the Third Law of the Sea Conference nor pessimistic about the prospects for the Third Law of the Sea Conference. In these circumstances, we are fully prepared to support the holding of two further sessions of the Seabed Committee in the spring and summer of 1973, the convening of the organizational session of the Law of the Sea Conference in the fall of 1973 and the commencement of the substantive work of the Conference early in 1974. We are pleased also to express our appreciation to the Governments of Chile and Austria for their offers to host the Conference, and we fully endorse the convening of the first session of the Conference in Chile, to be followed, if necessary, by a further session either in Chile or in Austria.

May I conclude by expressing also our warmest congratulations to the Chairman of the Seabed Committee and to the respective Chairmen of the three sub-committees, all of whom have laboured hard to make our work a success? We, for our part, will continue to co-operate to the utmost in seeking new solutions to problems, both old and new, concerning the future Law of the Sea.

S/C



CANADA

STATEMENTS AND SPEECHES

INFORMATION DIVISION,
DEPARTMENT OF EXTERNAL AFFAIRS,
OTTAWA - CANADA

No. 73/1

CANADA VIEWS VIETNAM PEACE PROSPECTS

A Statement by the Secretary of State
for External Affairs, the Honourable
Mitchell Sharp, in the House of
Commons, January 5, 1973.

The Canadian people, this House and the Government have for many years now been distressed by the continuation of hostilities in Indochina and by the suffering that events there have wrought upon all those concerned. As I said on December 17 last, when the negotiations between the United States and North Vietnam appeared to have broken down, the Canadian Government deeply regretted that the negotiations had not yet reached a successful conclusion. We welcome the fact that those negotiations have resumed this week.

In the interval, however, we were shaken by the large-scale bombing in the Hanoi-Haiphong area. We found it very difficult to understand the reasons for that bombing, or the purpose which it was intended to serve. We deplore that action, and we have communicated our view of it to the United States authorities. When, at the end of December, the United States Government decided to stop the bombing in the Hanoi-Haiphong area, we welcomed that. We said so to the Government of the United States, and we expressed our hope, as friends and neighbours, that the bombing would not resume.

That bombing, terrible as it is, is the only part of a larger situation which deeply troubles the Canadian people, and which equally concerns the Government. There continues to be a high level of hostility and violence on both sides in Vietnam, and we deplore that as well. We have not lost sight of North Vietnam's continued military intervention in the affairs of Cambodia, Laos and South Vietnam and, in particular, the abhorrent disregard for innocent human life displayed in the almost routine attacks against the civilian populations of those countries.

It is, I think, more than a pious hope to say that the issues which have led to a generation of conflict in Vietnam, and, indeed, in all of Indochina, should not be resolved by violence; they should be resolved by negotiations. To all those who believe that, it is distressing to observe the violence which continues while negotiations take place, and to contemplate the possibility that the continuation of such violence could endanger the progress of negotiations. Since 1965, when the bombing of North Vietnam began, Canadian Governments have consistently taken the view that resort to force in this form was counter-productive in the Vietnam context.

Canada has a special interest in this matter, and not only because we are close neighbours of the United States. We have been involved, during the past 18 years, in the thankless task of supervising an earlier settlement, and of trying without success to make that supervision effective. Beyond that, we have been given clear indications of the possibility of our being asked to accept a further role. It has been indicated to us that Canada would be acceptable to all the parties as one of the members of a new international body which it is expected that the present negotiations will create when and if they are successful. Canada has not yet been formally invited to participate in this new international presence; indeed, I anticipate that no such invitation will be addressed to any of the potential members until an agreement is concluded. We have, however, been asked to consider the possibility, and we have done so most carefully.

Canada would, of course, wish to play a constructive role in assisting a peaceful political settlement if the parties wished it to do so, if that role were within Canada's capabilities and resources, and if it held the promise of success. The Government has long wished to see military violence end in Vietnam and to see its friend and neighbour, the United States, disengage itself from that military conflict. If the parties to that conflict invite Canada to play a role in which we could effectively contribute to a cessation of hostilities there and which would help the United States to end its military involvement in Vietnam, we should, of course, consider the invitation sympathetically and constructively. There is no question, however, of Canada, as a part of a new commission, attempting to maintain peace through the use of arms. The implementation of the cease-fire would be the responsibility of the belligerents and the role being contemplated for a new international commission would be to observe and report on the implementation of those parts of the cease-fire agreement which the commission is asked to supervise.

In considering the invitation to participate in a new commission, however, we should have an obligation to the people of Canada, to this House and to those Canadians who would be asked to go to Vietnam to implement our role there, which I should emphasize once again would not be a military role but would involve only observation and reporting to ensure that Canada's contribution could be a real and effective one, and to ensure that Canada's attempt to contribute to peace not be reduced once again to impotence as it has been in the supervisory arrangements in Indochina that emerged from the 1954 and 1962 Geneva Conferences.

Having our past experience very much in mind, in our discussions with the American authorities and in communications with the other parties to the Paris negotiations, as well as in public statements, the Government has developed a number of conditions and criteria on which it would base its judgment on whether Canada should participate in a new international commission for Vietnam.

The first condition, and indeed the ultimate one, is that the provisions for the operation of the new organization, when taken as a whole, should be workable and offer real prospects of being effective. Moving from

the general to the particular, we have also stipulated that all the present belligerent parties, the United States, the Republic of Vietnam, North Vietnam and the Viet Cong, should be bound by the agreement the implementation of which the new commission would observe and report upon. In this same category, we have required that there should be a "continuing political authority" that would assume responsibility for the settlement as a whole and to which the commission, or any of its members, would have access through reports or consultations. We should prefer it if such an authority could be provided for in the original agreements but, failing that, we consider that it could be established by the international conference which, as we understand it, will be convened 30 days after the cease-fire.

We have also insisted that the proposed new commission should have the freedom of movement and observation within the demilitarized zone and in South Vietnam necessary to achieve a proper exercise of its functions. Moreover, we have required that Canada should be invited to be a member of the new commission by all of the parties concerned.

In addition to these specific and essential considerations we have, from our broad experience in Vietnam, put forward a number of other suggestions and requests. The extent to which they were met would also constitute elements in our assessment of the viability of the operation as a whole. As an additional condition, we have stated that, if all the essential criteria I have already mentioned were satisfied except that which relates to the existence of a "continuing political authority", we should be prepared to consider serving on the commission for a minimum of 60 days, during which we should assess the outcome of the international conference with particular reference to the establishment of a "continuing political authority". If no such authority were created or if, once created, it ceased to exist, Canada would have to reserve the right to withdraw at any time, even after the initial two-month period. In any event, the Government could not accept a commitment beyond two years, although some other formula for opting out on shorter notice might be acceptable.

We have also said that we assumed that the necessary logistic support for the new commission would be available from the outset to make its operation substantive and effective or even possible.

The Government has also urged that unrealistic demands should not be placed upon the new commission in the initial stages particularly, and that no unrealistic expectations should be vested in it. For example, the commission should not be expected to begin functioning in any part of Vietnam before a cease-fire has been established locally by the belligerents themselves.

In respect of the international conference, it has been our view that it should be free to establish its own relation with the commission or indeed with other provisions of the agreement or its protocols. The Government has also taken the view that participants in the new commission should pay the salary and allowances for their own personnel but should not otherwise be expected to contribute to the general overhead and

expenses of the organization. This was an idea originally put forward, that the members of the commission should also pay part of the infrastructure. We took the strongest exception to it. Should Canada decide to participate it would signify its acceptance by a formal unilateral communication to the parties. At the same time, the Government would also communicate any reservations it may have in respect of the documents embodying the settlement, or in respect of the commission, or Canada's participation in it.

When all the texts are available, the Government will examine them in the light of these criteria, conditions and viewpoints and make its own determination on the viability of the operation and on the existence of a suitable role for Canada. The Government is conscious of the fact that there are several possible forms of response open to it between a simple refusal to take part at all and a full and unconditional involvement. The Government's assessment of the relevant texts will also take into account the importance of contributing to a scaling-down of hostilities in Vietnam and to the disengagement of American forces and the return of their prisoners of war. It is conceivable that the result of this examination might suggest a participation limited to certain aspects of the agreement or a participation for a limited period rather than an outright refusal or an unqualified undertaking to serve. If so, the parties concerned will be so advised and, if they found this acceptable, Canada could take part on a limited basis.

Also drawing on our experience, we are conscious of the dangers of allowing ourselves to be frustrated as a member of the new international organization through the possible application of a rule of unanimity. One way in which this risk could be minimized would be by regarding the new body not as a diplomatic conference held under the normal rules of confidentiality but as an international forum where the proceedings are normally open to the public. Consequently, we should not regard the new commission's proceedings as confidential or privileged in any way unless there was in any particular instance a unanimous decision of all the members to the contrary. We should instead consider ourselves free to publicize the proceedings in any way we saw fit to ensure that our view of events and, if necessary, the difference between our view and that of others was publicly available.

In putting forward our conditions, it was, of course, not our desire or intention to raise unnecessary difficulties or to seek any special position for ourselves. The fact is that Canada is in an excellent position to judge from its own experience what is necessary to a successful operation in international supervision, whether or not we become members of the proposed commission. Some of Canada's experience has been positive. Some of it, notably in Vietnam, Laos, and Cambodia, where for 18 years we have tried to make international supervision work, has been profoundly disappointing. From that disappointment we have learned a good deal, and it is in the light of what we have learned there that we have arrived at the position I have just described, which we believe essential to the success of the operation in which we may be invited to participate.

Because of the possibility that we shall be invited to accept a new supervisory role in Vietnam, and because of our long involvement in the Vietnam problem, Canada, apart from the fact that it shares the interest of the whole world in the settlement of the Vietnam war, has a particular interest in current developments there and in the negotiations which we all hope will bring an end to the conflict. This House embodies that interest, and I think it would be fitting that the House make known its view of the situation. For that reason, we have proposed the motion which appears on the Order Paper. It is in terms which I believe deserve the support of all sides of the House. I conclude by saying this, Mr. Speaker, that it is directed to all parties in the Vietnam conflict.

S/C



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 73/2

A TIME OF DECISION FOR CANADA -- THE FIRST SIXTY DAYS IN VIETNAM

A Statement in the House of Commons on
February 1, 1973, by the Secretary of
State for External Affairs, the Honourable
Mitchell Sharp.

Mr. Speaker, this House had already had the opportunity for a preliminary exchange of views... before the departure from Canada of the first group of observers to the new commission in Vietnam.

Despite the shortness of time, personnel from External Affairs and from our defence forces are already in the field. On behalf of the international community, they will observe and report on the implementation of the agreement on ending the war and restoring the peace in Vietnam.

When the moment of decision came, the parties to the cease-fire had radically compressed the expected time-table. Consequently, the Government was faced with the need to decide in time to have the Canadian delegation take off from Montreal on Saturday of last week if we were to comply with the terms of the agreements. Indeed, the parties asked us to do so on the basis of complex documents, some of which we saw for the first time on Wednesday of last week.

Our participation, I think, was perceived by all sides in this House as necessary....I believe it was seen by the great majority of Canadians as necessary. It was so because all Canadians, and indeed people the world over, so ardently desired that the fighting should stop in Vietnam. As I explained to the House on January 24, the day of the Government's decision, Canada had a choice to make that day.

On the face of it, it was a dilemma: we could, on the one hand, accept membership in the new commission with whatever reservations we saw fit. This is what the parties to the agreement were asking us to do. But it would have meant committing Canada to an important step to which there are Canadian pre-conditions; and it would have meant doing so well before we could possibly know whether those pre-conditions were met or, in view of the complexity of the agreements involved, whether they were even likely to be met. The Government would have regarded that as an abdication of responsibility.... On the other hand, we could have declined to participate in the new commission from the outset and turned it down flatly. By doing so, we could have stood

in the way of ending the fighting in Vietnam. No Canadian would have wished his country to do that.

We therefore decided to take part initially, and make available to the new commission the number of Canadian observers required by the agreements to meet the time-table set by the parties -- in short, during that initial period, do all that we could to discharge the obligations of membership. But we were not prepared to commit Canada to open-ended membership before we were satisfied that Canada's pre-conditions for membership had been reasonably met. I should like to add parenthetically that these pre-conditions on membership had been enunciated by myself on behalf of the Government and by the Prime Minister on a number of occasions, not only in recent weeks but really over a long period of time when we had been asked to consider the possibility that somewhere in the world we might have to participate in some supervisory operations. Indeed, at the time we debated in this House the question of the bombing of Hanoi and Haiphong, I laid down very clearly the kinds of pre-condition we had in mind. I believe it was useful for us to have done so, and I believe that that has had some salutary effect upon the forms of the agreements entered into by the parties and upon the form of the protocol relating to the supervisory commission.

Our participation, which will be for the first 60 days, will enable us to evaluate the arrangements made for international observation and reporting and to learn what scope there is for mediation. I must make it clear that Canada's pre-conditions were not mere gestures of reluctance; they were the product of long and sometimes bitter experience, and they were an effort to point the way toward effective international observation and reporting. Indeed, I think the pre-conditions that were established will help whatever other supervisory activities may be authorized by anyone anywhere in the world in future. They are the sorts of condition we have laid down before the United Nations when we have talked about peacekeeping activities and how they might be organized.

We shall see, in the first 60 days, whether the arrangements can be improved. In particular, we shall see whether a continuing political authority is provided. We shall see whether the contracting parties are determined to make the agreements work. We shall see how our associates in the new commission view the responsibilities of our collective role. If we conclude that Canada's conditions are adequately met and that Canada's continued participation would be effective, we may decide to accept full continued membership, with or without reservations. If we conclude that Canada's conditions are inadequately met or that we are likely to be drawn again into an exercise in futility and frustration, as the previous commission had become, we shall decide to withdraw. Whichever decision is made will be conveyed to this House.

To avoid misunderstanding, let me add this: we are not going to tackle those first 60 days of the commission's existence in a spirit of diffident and passive caution. We are going to make this commission work, if it can be made to work. Within its properly limited functions, we shall try to make it an active and inquisitive commission and an open, hard-working and

co-operative one. Frustration, inactivity and ineffectiveness have been forced upon us in Vietnam in the past. If they are forced upon us again, we are determined that it will be no fault of Canada's.

Members will be aware that the cease-fire machinery includes joint commissions on which the parties to the cease-fire are represented, as well as the international commission on which Canada is serving. Unless these joint commissions function effectively, the international commission cannot function.

There have been great difficulties in setting up these joint commissions. Many of these difficulties seem to be psychological in nature. Given the history of the conflict, this is no surprise. The time of enforced waiting is, however, being put to good use by the International Commission on Control and Supervision. The logistics support and organizational arrangements for the teams and the headquarters are being improved. So far, co-operation between the members of the ICCS has left nothing to be desired. The moment the joint commissions are functioning effectively, the international commission can begin to deploy its teams and get down to work. I was informed today that the first movement of the commissions may begin very soon out to very limited areas. The situation in Vietnam is still serious. I do not want to minimize the real risks that exist. These can only increase if the cease-fire itself, and the supervisory parties, continue to be ineffective.

In trying to make the commission work, we shall bear in mind that there are things which neither we nor the commission as a whole are expected to do. In particular, it must be clearly understood that neither the Canadian delegation nor the commission as a whole is a force to keep the peace. I regret very much that the shorthand term "peacekeeping force" is used so frequently because it seems to cause misunderstanding on the part of the general public. We are not sending a regiment to keep the peace in Vietnam. We are sending a group of civilians and members of the armed forces to undertake a civilian task, which is to supervise a peace which we hope will come. It is the parties to the agreement who bear the responsibility for keeping the peace. We may be able to play a good-offices role from time to time if the parties wish to avail themselves of the services of the commission or of the Canadian delegation for that purpose.

To accomplish the tasks which do form part of the responsibilities of the commission, we have provided, and are continuing to assemble, a body of men and women of the first quality. The delegation is headed by a foreign service officer of distinction and experience, including experience in Indochina, Ambassador Michel Gauvin. It is composed of personnel of the Department of National Defence and of the Department of External Affairs, who have been specially selected for the task. Many of them have previous experience of Indochina and of international observation roles elsewhere. They can be counted upon to do all that anyone could, and the Government will give them maximum support in their task. The Government is mindful of the fact that Canada has been asked by all four parties to participate; Canada and the Canadian delegation are not the nominees, representatives or spokesmen of any one party or of one side in the Vietnam struggle. The delegation will conduct itself accordingly.

As I told the House on January 24, the texts embodying the international observer arrangements are complex. I am sure those members of the House who have had an opportunity of studying the documents will agree with me that they are not only complex but (I think I can add without casting any reflection on them) they are a bit ambiguous also, and perhaps deliberately so. We are continuing our careful study and analysis of them, but their full meaning and implication will only become clear in the light of our experience in seeking to apply them. Our publicly-stated conditions seem to have influenced those who wrote the agreements, but serious inadequacies remain.

It is important that the House be aware of what we consider to be the principal inadequacies of the international observer arrangements. One is that the agreements by themselves do not provide for a continuing political authority. It may be, of course, that the international conference envisaged in the agreements will repair that deficiency. I do not make this as a point of criticism particularly; I merely point out that it would have been perhaps impossible for the parties to the agreement to end the war in Vietnam to have established an adequate international authority to which the supervisory commission should report without having the sort of international conference that is contemplated a few weeks hence. The Government would have preferred the agreement and its supervision to come under the aegis of the United Nations. It is happy to note, however, that the Secretary-General of the United Nations will be invited to attend the international conference. This was one of the suggestions that we made very early, that it would help greatly if the Secretary-General could be there. If I may add a word, it would also suit us if he were the continuing political authority to which the supervisory commission might report.

Another deficiency is the obligation of unanimity in the commission's decisions and reports. It seems significant that the parties, wanting an effective commission, should nonetheless have provided that it must be subject to a rule of unanimity; in other words, to a veto. The effects of that rule are alleviated, as I pointed out before..., by a qualified provision for reporting by individual members of the commission if unanimity cannot be achieved; but such reports would have no status as commission reports.

A further deficiency is that the new commission and each of its teams must act as a single body comprising representatives of all four members. This makes action by one, two or three national delegations impossible. This could turn out to be virtually an invitation to paralysis. We shall also be testing by experience the qualified provisions for the commission's freedom of movement.

Another deficiency is that the parties have provided that each of the four commission countries should pay not only the salaries and allowances of their personnel but a fixed percentage of the general budget of the commission as well. This percentage turns out to be small, 2 per cent. The Government is not inclined to make an issue of paying it. But, however small, Canada has on several occasions expressed opposition in principle to paying any share of the general budget of the commission at all.

We believe that the provision for the sort of infrastructure and the payment for the ordinary expenses of the commission could have been met elsewhere. I understand the argument that is used in order to justify a token contribution from each of the members of the supervisory commission is that each of us under the circumstances would support economy in the expenses of the commission. This was the argument that was put to me. I said it was not one I could defend very well to the taxpayers of Canada, who would, in any event, be paying the salaries and allowances of the personnel. I thought there were surely more effective ways of ensuring economy. However, as I say, the 2 per cent is very small and I would not for that reason consider that Canada should withdraw.

Then, too, we have been concerned that the task of the international observers be realistic and realizable. Yet the agreement provides that the commission shall supervise and control the entry into South Vietnam of military personnel and all military equipment. This seems to specify a task which is clearly beyond the means of an international commission of this size or, indeed, of any likely size.

Finally, although passing reference is made in the agreement to Cambodia and Laos, no precise arrangements are envisaged for broadening the cease-fire and settlement to these two countries. There seems to be no intention of having them participate in the international conference. We can only hope that, in the weeks ahead, the effects of a cessation of hostilities in Vietnam will be extended to these two countries, so that the fighting will stop throughout Indochina. Indeed, it is disappointing that Asian involvement in the arrangements as a whole is so slight. The omission of Japan and the ASEAN group of countries, except for Indonesia, is particularly conspicuous.

Some of these shortcomings in the arrangement are now built in. Others could be altered at the international conference. Still others could be corrected or alleviated in their effects if the parties and our associates in the commission show enough goodwill and enough determination to make the commission work and be effective. We shall be watching and working for that. As I said at the outset, we are not taking a passive or a reluctant attitude; we want to make the commission work.

The comments I have made are not intended as the sort of facile criticism that those who were not involved in hammering out the agreement can always level at those who were. Obviously, this was an extremely difficult negotiation. It is a wonder there was any agreement at all. I am not suggesting that the circumstances could have permitted a better arrangement. What I am trying to do is establish, from the point of view of a conscientious member of the International Commission of Control and Supervision, the magnitude of the task given to us and the apparent poverty of the arrangements available to carry it out. This is not an effort to establish some sort of fancied position of moral superiority. It is an attempt to explain why we cannot undertake an open-ended commitment at this time, to lay before the House and the Canadian people the sorts of problems that can be foreseen and that led us to warn we might have to withdraw.

We shall do what we can to alleviate the effect of these shortcomings by our own efforts, by the manner in which we approach the commission's operations and our participation in them. I have referred, for example, to the provision for unanimity. We are determined not to be frustrated by it. One way we shall do this is by making the commission and its activities and proceedings as open and public as possible. We shall consider ourselves free to communicate our views, and the difference between our views and those of other delegations, to whatever person or organization we think fit, or to the public and the press. This applies to the rule of unanimity or any other provision of the cease-fire that might reduce us to inactivity or ineffectiveness.

For 60 days we are going to put everything to the test: the viability and effectiveness of the international supervisory arrangements themselves, the will and determination of the parties and of our commission colleagues to make the agreements and the commission work -- indeed, ourselves and our own ability to make the commission work and work effectively. By the end of the 60 days, Canada will form its own judgment of that experience and of prospects for the future. On the basis of that judgment, Canada will reach its own decision on continued participation for a further period.

I want to say candidly now that, in some important respects, the international observer arrangements are unpromising. I will not prejudge the Government's decision either way, but no one should assume as a matter of course that continued Canadian participation will be forthcoming.

Before concluding these remarks, Mr. Speaker, I wish to take this opportunity to pay tribute to the hundreds of Canadian men and women, civilian and military, who have served in commissions in the past. I say this because, although I have said on a number of occasions that the International Control Commission was reduced to a farce, it was not because of lack of effort on the part of the Canadians who served on that commission. It was just in the nature of the arrangements that had been made, and that we are trying to correct on this occasion.

I should like to pay tribute to the men and women who are now in Vietnam to begin work in the new commission, and to those who are preparing to go there. They went there and they are now going, not because their country has national interests of its own to pursue there but because Canada recognizes it has a responsibility to contribute to peace in the world if it can do so effectively. I know of no better way of contributing to Canada's national interest than to end the war in Vietnam, or to help end the war in Vietnam.

The task is difficult: it can also be dangerous. Some Canadians have lost their lives trying to accomplish it. Others may yet do so. We bear a heavy responsibility to them; it is to ensure that their dedication and courage serve to contribute effectively to the maintenance of peace. We must do all we can to ensure their role is effective, and we must withdraw them if, despite their best efforts, their role seems doomed to ineffectiveness.

That is the purpose of the Government's policy and of its recent decision. I know it is also the purpose of all Canadians and of this House which represents them.



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 73/3

CONFERENCE ON EUROPEAN SECURITY AND CO-OPERATION

CANADIAN EXPECTATIONS

A Statement by the Canadian Ambassador to Finland,
Mr. E.A. Coté, at the Multilateral Talks Preparatory
to the Conference on Security and Co-operation in
Europe, Helsinki, December 1, 1972.

* * * *

With regard to the forthcoming conference,... these talks have already provided us with the opportunity of hearing some highly valid points of view. We shall give careful attention to other opinions expressed by our colleagues during the talks.

It is not by accident... that Canada is involved when the countries of Europe gather to seek solutions to problems that are often the lingering result of two world wars. Canada was very much involved in these two tragic conflicts; thousands of Canadians who died in Europe bear silent witness to this fact. Our traditions and cultures are for the most part European in origin. We have economic and historical ties with many different parts of Europe. There is scarcely a country represented here that is not the homeland of some Canadian citizen.

The ties between Europe and Canada are not only of historic interest, however; they are very vital, contemporary links, which will doubtless be developed still further in the future. Canada looks to Europe in economic and trade matters, for scientific and technical exchanges, and also in the exciting field of culture. Moreover, Canadian and European prosperity are of mutual advantage to us.

From the geographic point of view, communications are constantly reducing the distance between Canada and Europe -- either across the Atlantic or over the Arctic Ocean. Canada's security will be increased as European security increases.

In view of the interests, ties and realities that bind us to Europe, we plan to co-operate to the fullest extent possible in the current talks.

Canadian authorities feel that the conference we are seeking to organize should not be considered as an isolated event. It is rather an integral part of a series of negotiations and actions to be taken in an effort to reinforce security and co-operation in Europe so as to lessen and, where possible, remove the tensions in that continent. Some of my colleagues have already mentioned a few of the steps already taken in this direction. The effect of these steps will be considerable, and will reach people in countries far from Europe.

Other measures come to mind... that would promote better conditions for the people, reduction of tensions between countries and an increasing respect for the freedom and integrity of individuals and nations.

Canada has long supported the proposal that talks be held to prepare the ground for a Conference on Security and Co-operation in Europe. Such a conference, if carefully prepared and held after sufficient common ground has been found to offer reasonable prospects for its success, could be a useful part of the general process of negotiations which is under way in Europe.

Some have been sceptical about the use of the conference method to approach the many problems that cry for action on the European scene. We have not been of that number. We hope that this grouping of politically-mature states can work together in a spirit of common sense and accommodation to find ways of gradually reducing the barriers of antagonism and distrust which still persist.

At the same time, our expectations should be realistic. At first the conference method may achieve relatively few successes, but they will have enhanced importance because of the prestige of their origin. On the other hand, none of us would be content with a conference that had only superficial results. A conference that did no more than agree on high-sounding but empty forms of words would create a dangerous illusion of progress. This is why the Canadian Government is of the view that the conference should make concrete and real contributions to security and co-operation; it should deal with and resolve the underlying causes of division and tension in Europe; it should try to agree on specific steps -- however modest they may be in the first instance -- to improve the situation. In the best of circumstances, this will not be easy to accomplish. We should bear in mind that ministers at a conference will probably have only a few days to plan their work, debate the issues in depth, and agree on the follow-up work they think necessary. They are bound to be under intense time pressures. For all these reasons, the conference must be carefully prepared if it is to realize the hopes placed in it. This fact gives our own preparatory talks a special importance. We favour a step-by-step approach to our tasks here. A logical sequence of subjects should be followed, to permit concentration on a single area at a time and thus to build confidence for solving the next problem.

I would suggest: first, we should thoroughly explore our respective approaches to the proposed agenda items and arrive at a clear and agreed formulation of the agenda so as to ensure that a conference will have a reasonable chance of success.

Second, we should provide an adequate organizational and procedural structure for the conference.

Finally, having done these things, we can readily set a date and place for the conference.

The first of these tasks will be the most difficult and most important. It will also be the most time-consuming, but we believe that none of us should force the pace in tackling it. Each item to be inscribed in the conference agenda should be carefully examined. The words used in the agenda and to elaborate on the items can determine the direction of the conference and either help or hinder the achievement of consensus.

It has been suggested that ministers at the conference, after their own debate of the issues, should assign tasks to various commissions of officials, each of which would consider a number of propositions. We agree with this suggestion and think we should try in our consultations here to provide mandates that would, in effect, be an elaboration of the agenda items, setting out in a general, and, if possible, non-controversial, way the various points the proposed commissions would consider at the conference. These points would then be debated, amended, accepted or rejected in the commissions or by the conference itself. In drawing up these mandates, it will become evident whether or not sufficient areas of common ground can be found to ensure success.

I might mention very briefly here the Canadian approach to some of the possible agenda items.

In the field of security, one area will be that of a declaration of guiding principles governing relations between states. We agree on the importance of this item, and we think there should be an exchange of views in Helsinki on the elements which might go into such a declaration. Great care will have to be exercised in its formulation. For example, while the principle that frontiers should not be changed by force is one that should gain universal acceptance, we should avoid phrases that give the impression that the conference is taking on the responsibility of a peace conference by establishing permanent frontiers in Europe or recognizing them in international law.

In our view, the conference should also seek to reach agreement on certain military aspects of security, including, perhaps, advance notification of military movements and observations of manoeuvres as steps that would help to build confidence between countries and help to enhance stability.

In the Canadian view, co-operation should be as important a part of the conference as security. In this field, the conference might, for one thing, contribute to and complement efforts already under way under United Nations auspices to preserve and improve the environment. The conference might also suggest means to increase and extend the benefits that accrue to all peoples through advances in science and technology. In the field of trade and

payments, would it be too much to hope that the way might be paved towards a lowering of some of the barriers that have caused exchanges in some parts of Europe to lag behind the general growth in international trade? We should also hope that whatever new forms of economic co-operation were developed among countries at the conference would be outward-looking in their orientation and of a kind that would also benefit the developing states. In this context, we believe that the principles to be applied should include those underlying the GATT, Bretton Woods and related agreements, namely non-discrimination, uniform standards, common regulations, stability of markets and modification by consultations.

It is particularly important, in our view, that the agenda and commission mandates should facilitate agreement on practical and acceptable measures to reduce progressively the barriers to the movement of people, ideas and information. In this area, we realize the approach must be gradual, but we hope that progress will prove possible. One aspect of special interest to Canadians would be measures to remove obstacles to the movement of members of families who might wish to join or visit their relatives in other countries.

The documents we prepare for the conference should also point the way to the further development of cultural relations, on the basis of a broad definition of culture and a search for more imaginative approaches in the field of cultural exchanges.

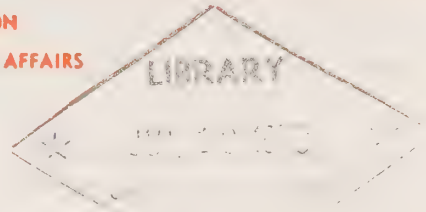
Progress towards a conference will in itself be progress towards an increased sense of security in Europe. A conference that produces substantial advances towards *détente* will complement discussions on force reductions in Europe, which are scheduled to begin at the end of January 1973. The negotiations in both areas may be protracted, for they will both be dealing with complex and sensitive subjects. The importance of the issues involved imposes a heavy responsibility on us to conduct these various talks, and those at the conference itself, in a spirit of mutual understanding and in pursuit of the principle of mutual advantage.

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STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 73/4

CANADA'S ECONOMY IN 1972 AND OUTLOOK FOR 1973

A Review by the Honourable Alastair Gillespie,
Minister of Industry, Trade and Commerce, issued
December 31, 1972.

Highlights in 1972

The Canadian economy moved up strongly in 1972 and for the first time Canada's GNP surpassed the \$100-billion level. Output in real terms increased by about $5\frac{1}{2}$ per cent, a rise well in line with the country's longer-term potential. It is encouraging as well that the final quarter of this year witnessed a particularly strong uptrend in economic activity in Canada following a temporary set-back in the third quarter.

The number of new job opportunities greatly improved and employment advanced about 3 per cent from 1971 to 1972. At the same time, the labour force has continued to increase rapidly, giving Canada the highest growth in this area among the economically more-advanced countries of the world. Under these circumstances unemployment has persisted even in the face of strong measures to provide jobs for all who are willing to work. The overall rate of unemployment for the full year has shown little change from the rate of 6.3 per cent in 1971.

Despite improvement in overall productivity, recent gains in the economic tempo have been accompanied by some acceleration in the upward course of prices after inflationary pressures had eased during 1970 and 1971. A substantial upswing in food costs following a year of near stability has played a major role in the continuing price rise. Over the past four years, Canada's price performance has been better than that of our principal trading partners. Even in 1972, only the United States, which has maintained some degree of wage and price control during the year, appears to have had a smaller overall price rise.

As was the case in 1971, a principal stimulus to the Canadian economy has come from strong consumer markets, reinforced by a further substantial rise in housing. Marked gains in personal income as business trends moved higher have buttressed the advance in personal expenditure.

Great strength has been apparent in 1972 in spending for consumer durables, with the increase in outlays in excess of the 14 percent rise in the previous year. Spending for non-durables, semi-durables and services has also increased by a significantly larger amount than in 1971.

Business spending on new plant and equipment appears to have resumed moderate growth, but for much of 1972 the contribution from this sector has been comparatively modest.

On the external side, the trend of Canada's merchandise exports strengthened in 1972, though it has been subject to more than usual monthly variations, partly a result of distortions in shipment caused by strikes of dock-workers in Canada and also abroad. The export total advanced by around 13 per cent compared with its level in 1971, a rate more than twice as fast as in the preceding year.

A notable upsurge in exports to the United States, reflecting the strength of American economic recovery, accounted for most of the absolute rise in Canadian exports. Overseas sales have begun to improve in recent months after a period of slack in the economies of several industrial countries during 1971. For the full year there were sizeable increases in exports to Japan, Latin America and to state-trading countries. Trends in exports to Britain and other Commonwealth countries, and to the European Community, have strengthened recently after remaining comparatively sluggish for much of the past two years.

Merchandise imports in 1972, however, were up even more sharply than exports, the rise continuing to accelerate as Canada's economy pursued a more rapid pace of expansion. As a result of this divergence, the merchandise-trade surplus declined substantially for the second successive year, from a level of over \$2 billion in 1971 to a figure approximately half as large in 1972. The decline in the merchandise-trade surplus was reflected in a deterioration in the overall current-account balance, which moved from a surplus of about \$1 billion in 1970 to a deficit of nearly the same proportion in 1972.

Despite these trends, the underlying external environment has been more favourable than in 1971. The realignment of currencies in December 1971, by improving the competitive balance among major trading nations, has reduced international monetary uncertainties and has contributed to a strengthening of business confidence in Canada.

Industrial production has grown more rapidly as market demands have continued to strengthen, with a rise of close to 6 per cent in 1972, compared to $4\frac{1}{2}$ per cent in 1971. Production increases over a broadening range of manufacturing industries has played an important role. Several industries which lagged at an earlier stage of the recovery have shown increasing vigour, among them the pulp and paper industries. Great buoyancy was also experienced in wood-product industries, led by a further impressive rise in lumber output and export sales. The auto industry has continued strong and has surpassed the previous record output of 1.4 million vehicles

reached in 1971. Farm-implement production has achieved a large increase in output with the major stimulus of greatly improved farm income positions both at home and abroad. As a result of high metal requirements in the durable manufacturing sector, primary steel production has advanced to a new high, total steel ingot output rising by 8 per cent from the previous year.

Further gains also took place in mining and mineral processing, with strong growth in petroleum and natural gas being the most conspicuous feature.

Prospects for 1973

Continuing improvement in economic performance provides solid grounds for optimism about economic prospects in the year ahead. After two years in which Canada has been moving up towards a more rapid tempo of business activity, the scene now appears set for a substantial advance in 1973. Market forces favourable to growth in 1972 remain strong and are expected to contribute to further expansion. Other important market influences which have been gaining momentum recently are likely to supply a significantly larger stimulus than they did earlier in the business recovery. On the international front, the crisis atmosphere has eased to a considerable extent as a result of adjustments that have taken place in response to the major currency realignments of a year ago.

Consumers are in a financially strong position owing to the sustained upward trend of disposable income. Consumer spending, accordingly, is likely to remain an important source of strength in 1973, though it should not be assumed that the recent high rate of increase will be maintained throughout the coming year. With continuing strong demand for homes and more liberal mortgage provisions for CMHC approved housing, residential building is likely to stay extremely active, but may not greatly exceed the very high level achieved in 1972.

In business investment the picture has strengthened moderately and the recovery is expected to gain in momentum during the year. In an expansive climate for sales, the requirements for additional capacity will increasingly be felt. The results of a field survey carried out late in 1972 with respect to the capital-spending intentions of major companies in Canada showed that they intend to raise capital outlays nearly 10 per cent in 1973. Higher outlays by companies in manufacturing, oil and gas industries, and by electric utilities, account for most of the anticipated increase. Companies in the service field are also expecting to make higher capital outlays, but the capital-spending intentions of major mining companies are down quite sharply from estimated outlays in the past year.

Canadian merchandise exports should show a further significant rise during 1973, following the improvement in trend during the past 12 months. Prospects for a strengthening in world trade during the coming year have been advanced by the extensive recovery apparently now under way in several industrial countries overseas, and also by the general improvement of relationships between the Western and Communist nations, leading toward the prospect of a reduction in barriers to trade between these areas.

In the past year, the United States has experienced a marked acceleration in output reflecting its program of new economic measures. All advance indicators point to a continued rapid pace of growth for the United States in 1973, the maintenance of which can be expected to provide a substantial further impetus to Canada's exports in the coming year.

Economic recovery is now fairly clearly under way in West Germany, several of the smaller Western European countries and in Japan. A stronger pace of economic activity also appears to have been restored in Britain. Thus the outlook is favourable for a considerable improvement in growth of overseas trade during 1973 in comparison with its somewhat sluggish performance in 1972. Massive commitments for grain deliveries to overseas countries, in particular to the U.S.S.R. and China, during the current crop year will add appreciably to the total increase in Canadian merchandise exports.

In summary terms, present indications point both to a higher rate of advance in Canadian merchandise exports in 1973 and to a more balanced growth both in geographic and commodity terms. At the same time, however, there should be some deceleration in Canadian imports from the unusually high rate attained in 1972. The continuing recovery in economic activity in several industrial nations should materially ease the necessity to stress export-led growth and emphasize the domestic markets. At the same time, the recent easing of Canadian exchange-rates relative to a number of major currencies should also assist in Canada's trade performance.

What this picture suggests is that the major reduction in Canada's trade balance which occurred in 1972, when imports rose faster than exports, will not be repeated in 1973. Canadian exports and import growth are likely to be more in balance, which will, in turn, give renewed support to activity in Canada. It is important to stress, however, that this improvement will not come about automatically, and continuing improvements in our productivity and in our cost-price performance are needed if Canadian goods are to remain competitive both domestically and internationally.

Certainly a key element in the achievement of a still higher tempo in 1973 will be the renewal of business confidence sparked by the economic upswing of the past two years. The environment for business has improved and growth opportunities are increasingly in evidence. Among conditions which have improved the climate for business may be listed the broad program of government incentives to industry administered by this Department and recent steps announced to lessen the tax burden of corporations and small business.

In spite of this highly encouraging prospect for 1973, Canada will still be confronted with problems and uncertainties of challenging proportions, and will need to remain vigilant in pursuit of established economic objectives. The principal set of problems will continue to be those concerned with the means of providing a growing number of jobs for Canadian workers and reducing unemployment, while at the same time containing inflation. Again, Canada will have to make further adjustments to changes in international trade that will result from the enlargement of the European Community to include three new members -- Britain, Ireland and Denmark.

Canada, with its great dependence on external trade, has a vital interest in working toward the further reduction of impediments to international trade. At the same time, while there are continuing challenges to government further to improve the institutional framework conducive to productive activity, there is an equal challenge to individual entrepreneurship to be innovative and imaginative in seeking out opportunities to develop our own capabilities as Canadians in an increasingly complex and competitive world.

All in all, the prospects for an acceleration in the rate of economic growth in 1973 are favourable. Equally significant is the fact that this advance will be better balanced than it has been for some time, with consumers, government, business capital, inventories and external sectors all showing favourable trends. Also, the likelihood of further improvement in productivity growth and moderation in the upward pressure on food prices gives promise of some deceleration in the upward movement of the general price level.

S/A



CANADA

STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA - CANADA

No. 73/5

CONDITIONS FOR CANADIAN PARTICIPATION

IN VIETNAM TRUCE SUPERVISION

Statement by the Secretary of State
for External Affairs, the Honourable
Mitchell Sharp, to the Opening Session
of the International Conference on
Vietnam, Paris, February 26, 1973.

The first words of any representative of Canada to an international conference on the subject of Vietnam must be to congratulate the authors of the agreement signed in this same building a month ago. All the parties deserve the gratitude not only of their own peoples but of all those states which have come to regard the war in Vietnam as affecting their own national aspirations and interests. My Government is firmly of the opinion that the agreement signed here last month represents a magnificent and hard-earned opportunity, which must not be lost. This agreement, indeed, doesn't solve all the problems, neither does it meet all of our hopes; but its very existence is far more desirable than the absurdity of the armed conflict itself.

Although Canada's agreement to participate in the International Commission of Control and Supervision was conditional, the Canadian delegation in Saigon has taken a leading part not only in getting the International Commission of Control and Supervision teams in place as required by the agreement but also in facilitating the other organizations established under it to begin to exercise their functions. The Canadian delegation has from the beginning been motivated by a desire to make the agreement work if this was at all possible. This will continue to be our attitude in Vietnam for as long as we are there. It will also be the attitude of the Canadian delegation here in Paris. I am sure that all other delegations at this conference are equally conscious of the importance of the part this conference has to play in transforming the present precarious cease-fire into a lasting peace in which the South Vietnamese people and only the South Vietnamese people will determine their future. Even though the Lao and Khmer peoples are not represented at this conference, their futures too are bound up in peace in Vietnam. They too are entitled to the right to determine their own futures for themselves without any foreign intervention.

The fact that there is yet another international conference being held on Vietnam is in some respects sad inasmuch as it reflects on the rights of the Indochinese peoples to determine their own futures for themselves. But the fact remains that the struggle in Indochina has become an

international struggle involving not only the nations of that peninsula but countries far removed from it. From the point of view of my Government, the object of the Paris agreement is not to perpetuate an international presence in Vietnam but to eliminate it, and on conditions that will ensure again a fresh internationalization. This conference should be able to provide for some of those conditions.

Canada has had the educational experience of having served 19 years on the international commissions in Indochina, and from that experience we have come to a number of conclusions. If these conclusions seem to imply criticism of the existing agreement on Vietnam, I hasten to assure you that this is not my intention. My primary purpose is to prevent my country from being once more involved in an intractable situation and an open-ended commitment. At the same time, we are deeply conscious that Canada has a history of concern for and participation in international peacekeeping and is very jealous of its reputation in this area.

Canada sees itself, in its membership in the International Commission of Control and Supervision, not as the spokesman of any one point of view, and certainly not as serving any direct national policy of its own, but as a representative of the international community and invited by all the parties concerned to act as such. We therefore feel that we have an obligation not only to the parties to the agreement, and, indeed, to this conference if it should decide to maintain an active interest in this agreement, but to the international community as a whole.

We would obviously prefer to see all peace-supervisory operations conducted under the auspices of the United Nations in accordance with the Charter. The fact that this has not been possible in the case of Indochina reinforces, in our view, the obligation of the International Commission of Control and Supervision to act as if it were representing the world community. If this were not so, it would be merely a quadripartite group with no claim to the description "international" in its title. Canada would have preferred greater Asian participation not only in the International Commission but also in this international conference, which is to discuss matters of vital concern to the future peace and stability of the Asian region. It is in the attempt to engage the international community to the greatest extent possible that we have adopted the policy of giving full information on our International Commission of Control and Supervision participation. Apart from details of negotiations while they are still under way, we feel that the international community has a right to know what is being done in its name in Vietnam. For our part, we propose to report regularly and publicly on this at least until other more satisfactory means are found for transmitting information and points of view to all concerned in the international community.

As I have already mentioned, our primary concern is to do what we can to make Canadian participation in the International Commission of Control and Supervision effective. We wish to continue to serve and we ask this conference to make it possible for us to do so. In this connection, we have come here to seek your support in establishing an independent mechanism more representative of the international community than the existing mechanism,

through which the International Commission of Control and Supervision, or any of its members, could report, and which would provide for some possibility of appropriate reaction to such reports.

But we also have another concern. I have no authority to speak for other member countries of the International Commission of Control and Supervision but my Government, as the government of a responsible country, could not accept the onus of passing to the former belligerents in Indochina reports that could conceivably result in a re-escalation of the war in Indochina. At the same time, we are not prepared to suppress information once we are satisfied that it is soundly based. For this reason, Canada has consistently stated a fundamental condition to its participation: that it would serve on the International Commission in Vietnam only if, among other things, this conference produced some more broadly-based international authority which would accept the responsibility for evaluating and, if necessary, acting upon reports from the International Commission, or its members, dealing with the manner in which the agreement was being carried out. Ideally, as I have said before, the Security Council of the United Nations should be the body responsible for receiving reports from the International Commission of Control and Supervision or its members and determining what, if any, action is required. Reluctantly, we are prepared to acknowledge that this solution is not practicable in the present situation, but we must have some acceptable substitute. In any event, Canada considers that the Secretary-General of the United Nations, who has been invited to this conference by the United States and the Democratic Republic of Vietnam on behalf of the parties to the agreement, would provide the most appropriate and effective channel for receiving and transmitting the views of the International Commission. He is present here not only as the principal public servant of the world but as representative of the world's concern at the decades of warfare in Vietnam. His obviously disinterested position fits him uniquely for this task. I should make it clear that I do not propose that the Secretary-General assume any responsibility, either in this capacity or on behalf of the United Nations, for action consequent upon his transmission of information received from the International Commission during the interim period of its involvement in Vietnam. If, however, it is agreed that the membership of this conference constitutes the continuing political authority to which the International Commission of Control and Supervision should report, the Secretary-General should, in our view, also be vested with the task of reconvening the conference when requested to do so, on whatever basis we may here decide. I would like to circulate and table a resolution which could cover the kind of arrangement I have in mind.

My Government is well aware of the problems that a vacancy in the International Commission of Control and Supervision could create and would, in practice, do whatever it could to avoid that situation arising. But we should not be asked to watch in silence a resumption of hostilities or to accept direct responsibility for all the consequences that could ensue if we felt duty-bound to report to the world that the agreement has been seriously breached.

We will work to find a solution that would meet our reasonable requirements. We are willing to examine any proposal that offers any chance of meeting our point. This is one of the reasons why, at the very beginning of the conference, I am putting forward a resolution that would best meet our requirements, and we hope it will be given the most serious consideration. Although this is only one of a number of factors in our decision-making, we shall examine the results of this conference with the greatest care and in the light of the information we have received from our delegation in Vietnam. Should we decide, as a result of our study of the outcome of this conference and of our experience up to now, that we must terminate our membership on the International Commission of Control and Supervision, we would so inform all the interested parties that, at the end of the 60 days for which we undertook to serve -- that is, on March 30 --, Canada would cease to be a member of the International Commission of Control and Supervision. At the same time, however, we would declare our willingness, if all the parties signatory to the agreement so desired, to remain in place and act as a member until April 30, 1973, or such earlier date as a new member could be agreed upon by the signatories and take our place.

Such a decision would be a very sad one for my Government to have to make. All Canadians have taken justifiable pride in the manner in which the Armed Forces of Canada, in particular, have contributed to peacekeeping operations throughout the world. It would be a bitter disappointment to them and to us to have to terminate our participation unilaterally. But I am satisfied that no Canadian would wish to see our representatives placed in the position of having to choose between suppressing relevant information or accepting full and direct national responsibility for the possible consequences of transmitting it under the existing arrangements. Even less would the Canadian people wish to see our delegation stand idly by, as Canadian delegations in Indochina have had to do in the past, while agreements they are supposed to supervise are disregarded.

I am hopeful that the new agreement will succeed if there is a desire on the part of those present to help make it succeed and to involve themselves in the process. If I am wrong, we shall have to arrange for the orderly transfer of our International Commission of Control and Supervision responsibilities to some other government. In doing so we would not be suggesting that our partners in the International Commission or a potential successor would be less sensitive or less alert to the problems that could arise than we were. We reached our own conclusions on peacekeeping in Vietnam some years ago and we have no reason to doubt their validity. On the other hand, we can readily understand that other countries differently situated from Canada could come to quite different conclusions. We respect their points of view and hope that they will understand ours.

Canada was invited to this conference as a member of the International Commission of Control and Supervision and its participation now and in any final act or declaration is linked to our continued participation in the International Commission of Control and Supervision. It follows, therefore, that a cessation of Canadian participation in the International Commission of Control and Supervision would also mean a

termination of any other Canadian responsibilities that might arise out of either the agreement and protocols or any acts or declarations emanating from this conference.

I have asked the head of our delegation in Saigon -- who happens, like myself, to be chairman at the present time -- to give me an interim report on the work of the International Commission of Control and Supervision and the state of affairs in respect to the implementation of the agreement and protocols.

The report that I received late last week from the head of the Canadian delegation made two points very clearly: first, the cease-fire has not been effective throughout South Vietnam and, second, the four-party joint military commission has not operated effectively. Both these factors have seriously impaired the Commission's ability to meet its obligations.

With respect to the cease-fire, it is evident from this report that the Vietnamese parties are still engaged in hostile activities related to efforts by one side or the other to enlarge its areas of control. The Commission has received numerous complaints from the four parties alleging violations of the cease-fire. In a number of cases investigations have been ordered but, at this early stage, we have been obliged to settle for investigations of a more limited scope than that envisaged in the agreement, debate within the Commission over what the Commission is empowered to investigate and at whose request, delays on the part of the four-party joint military commission in establishing itself in the field, and the conditions of insecurity prevailing in the countryside as a result of continued hostilities -- all these have militated against the Commission's ability to take decisive action in investigating most cease-fire violations. After receiving a series of general complaints alleging cease-fire violations, the Commission issued a strong appeal to the parties to respect the cease-fire. This appeal on February 16 predated by one day an appeal by the four-party joint military commission to the same effect.

The delay of the four-party joint military commission in becoming fully effective has presented the International Commission with serious problems in meeting its obligations with respect to the deployment of teams in the field. The Commission's regional headquarters teams were deployed on February 5, several days after the deadline imposed upon us. On February 20, the Commission decided to deploy its teams at the sub-regional level. In addition, the Commission has decided to deploy its teams to points of entry into South Vietnam to control the import of armaments and other military material, as well as four teams to observe the withdrawal of United States forces and other forces allied with the Republic of Vietnam, from South Vietnam. Every effort is being made by the Canadian delegation to ensure that teams in the regions and at points of entry are deployed within the deadline established by the agreement -- that is to say, by February 27. Whether we succeed in meeting this deadline will depend -- as everything will depend -- on the ability of the four parties to afford the necessary co-operation. We have, however, taken the position that the

inability of the four-party joint military commission to function smoothly should not necessarily be permitted to bring a halt to the attempts of the International Commission to meet its obligations.

We have been pleased to note the progress of the exchange of prisoners-of-war and foreign civilian personnel. This has been an operation in which the four parties, despite some initial difficulties, have exhibited an ability to co-operate and co-ordinate their activities. We can only hope that the co-operative spirit that has characterized this operation will be extended to the implementation of all other provisions of the agreement.

Simultaneously with its attempts to deal with substantive issues and to deploy its field machinery, the Commission has been engaged in setting up its headquarters in Saigon, establishing its procedures, securing support facilities, and organizing a secretariat. This has been a complex and lengthy process, which has not yet been completed, despite concentrated effort. Among the difficulties the Commission has encountered in this area of its work is the fact that neither the agreement nor its protocols made provision for a secretariat, even though the necessity of establishing one was obvious. Personnel additional to the ceilings established in the protocol will be required if delegates are to be in a position to staff the secretariat adequately.

Fellow delegates, this, then, is the Canadian view of the status of the International Commission of Control and Supervision as of the last day or so. There are continuing problems of implementation and there remains the matter of a reporting authority for the Commission and its members. Implementation is the responsibility of the parties to the agreement assisted as best it can by the International Commission of Control and Supervision. However, the matter of providing an adequate international political authority as a basis for the operation and reporting of the International Commission of Control and Supervision and its members is clearly the main responsibility of this conference. My delegation will spare no effort in helping to achieve this objective on which we think so much depends. Thank you.

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STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 73/6

CANADA AT THE INTERNATIONAL CONFERENCE ON VIETNAM

A Statement to the House of Commons
on March 5, 1973, by the Secretary
of State for External Affairs, the
Honourable Mitchell Sharp.

...As the House is aware, I have just returned from the International Conference on Vietnam, which I attended as the representative of the Government of Canada. Essentially, this was a conference of the great powers and the belligerents in the Vietnam war. Canada was present because of our participation in the International Commission for Control and Supervision.

As Members will recall, I made clear prior to my departure that we were not going to Paris to sit in judgment on the political and military settlements embodied in the Paris agreement. I have made it clear repeatedly that Canada has not sought, and is not seeking, a truce-supervisory role in Indochina but was prepared to serve in such a capacity if we were convinced that the ICCS could be made to play a useful and effective role in restoring peace in Vietnam.

I have also made clear in this House, and outside it, the conditions we would consider essential if we are to continue our participation in the ICCS. One of these essential conditions was the establishment of an outside political authority independent of the belligerents themselves to which the Commission could send its reports and which could alert the international community to a serious threat to the peace in Vietnam. Provision for such a mechanism was lacking in the January 27 agreement, and it was our hope that this deficiency would be corrected by this Conference. I therefore went to Paris to do all I could to see if a satisfactory authority could be established.

In my initial intervention at the Conference on February 26, I expressed our views on this subject clearly and forcefully and placed before the participants a proposal that provided for the Secretary-General of the United Nations to receive and circulate communications from the International Commission of Control and Supervision to the membership of the International Conference, and to perform a similar function regarding the comments of the membership of the Conference on such communications. The Canadian proposal also contained a provision for the reconvening of the Conference on any of four conditions:

(a) on receipt of a request from the International Commission of Control and Supervision;

(b) on receipt of a request from the Four-Party Joint Military Commission or the Two-Party Joint Military Commission;

(c) on receipt of a formal request from five of the members of the Conference, excluding the Secretary-General of the United Nations; and

(d) after determining, at the request of any member of the Conference, that a two-thirds majority of the members, excluding the Secretary-General, considered that there was cause to reconvene the Conference.

It soon became clear that few participants at the Conference were prepared to support the type of independent international reporting mechanism, involving the Secretary-General of the United Nations, we had suggested, and some were strongly opposed to the whole conception. It think it is safe to say that it was only because of our insistence on this matter that the Conference addressed itself at all seriously to the matter. What finally emerged in Articles 6 and 7 of the Act (of the International Conference on Vietnam) was the most that could be obtained. Under these arrangements, the reports and views of the International Commission will at least be transmitted outside the closed circuit of the belligerents to the Conference participants, and the Conference itself can be recalled.

I made clear to the Conference our disappointment that it could not agree on a more effective arrangement, and I questioned whether the mechanism established went far enough and whether it could work. I emphasized to the Conference on March 1 that the arrangements provided in Articles 6 and 7 would be carefully reviewed by the Canadian Government in determining the extent to which our conditions for continued participation in the Conference had been fulfilled.

The Act provided an opportunity for world powers to acknowledge their respect and support for the January 27 agreement in association not only with the parties to that agreement but also with the governments participating in the International Commission established under it. It is also noteworthy that the Conference was conducted in the presence of the Secretary-General of the United Nations.

I signed the Act on behalf of Canada because the spirit of the Act and the good will reflected in it were such as to command the support of the Canadian people. The Act welcomes peace in Vietnam and it calls for the participants to do nothing to jeopardize that peace. It was, therefore, important to have all the participants at the Conference associated with those objectives, and failure to sign could have been open to misinterpretation. Moreover, not to have signed the Act could only have been construed as meaning that one of our *sine qua non* had not been met. We were not in a position at the Conference, nor are we yet in a position, to say whether the machinery provided in Articles 6 and 7 could serve the purpose we have had in mind. We will look at these arrangements in the light of our experience

in the International Commission. This will be one of the prime factors in determining whether the Commission is playing or can play an effective role in restoring peace to Vietnam.

We must now examine very carefully the political authority and the reporting arrangements that have been established to determine whether, in our judgment, they have a reasonable prospect of operating effectively. We must also relate these arrangements to the effectiveness of the International Commission on the ground. The Canadian delegation, under the direction of Ambassador Gauvin, is making a tremendous effort to see that the Commission works. But we cannot do it alone, and disturbing developments in Vietnam compel us to question whether the International Commission will be allowed to function in a way that would justify our continued participation. Perhaps -- and I cannot say that I am very confident -- the discussions in Paris will result in increased support by all the participants at the Conference for the objectives we have in mind. Over the next few weeks, therefore, we will need to assess the relevant factors very carefully. It may be that at some time I should pay a visit to Vietnam and see the situation on the ground for myself. If so, I would invite members of the Opposition to come with me, but that is a decision that has not yet definitely been made. I will report to Cabinet on the results of this assessment and the Government will then be in a position to make its decision.

Perhaps I should emphasize again that the peace in Vietnam depends upon the parties to the peace agreement itself. The International Commission can help by investigation and observation and reporting but it cannot keep the peace. The Commission is not an essential element. It can be of help only if the parties -- and that means all of them -- wish to see the Commission function.

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STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 73/7

REQUEST FOR AN INVESTIGATION AT KHE SANH

A Statement by Ambassador Michel Gauvin
of Canada in Saigon, March 10, 1973.

At the twenty-third session of the International Commission of Control and Supervision on Wednesday, February 28, 1973, the Commission considered a request dated February 26, 1973, from the Republic of Vietnam delegation to the Central Joint Military Commission to the International Commission of Control and Supervision to investigate a complaint alleging that three SAM-2 rocket-sites with missiles had been introduced into the Khe Sanh area, contrary to Article 7 of the agreement on ending the war and restoring peace in Vietnam. The Republic of Vietnam request for an investigation was supported by a series of photographs purporting to have been taken between January 24 and February 12 to 18, 1973. The United States delegation to the Central Joint Military Commission, in a letter dated February 28, 1973, confirmed that the Central Joint Military Commission had been unable to agree on joint action concerning this complaint. The Canadian delegation, supported by one other delegation, considered that the International Commission should immediately investigate this alleged violation because of its seriousness and the obligation of the International Commission of Control and Supervision to do so under Article 2 of the International Commission of Control and Supervision protocol.

Article 2 of the International Commission of Control and Supervision protocol provides that "the International Commission shall investigate violations of the provisions described in Article 18 of the agreement on the request of the four-party Joint Military Commission, or of the two-party Joint Military Commission, or of any part...". In the circumstances there was, in the opinion of the Canadian delegation, no alternative under the agreement and the relevant protocol but for the International Commission of Control and Supervision to begin an immediate investigation. Nevertheless, despite this clear and mandatory obligation, opposition was expressed to an investigation on the basis, *inter alia*, that there were no adequate grounds for an investigation. Also, the view was put forward that the other party in the dispute should be consulted before any investigation was launched. The Canadian delegation could not accept this view. If the International Commission of Control and Supervision on each occasion had to consult the other party or parties involved before acting on a request by a party for an investigation, the result would be interminable delays, with the prospect that no investigation would ever be undertaken. Furthermore, the Canadian delegation pointed out that

it was because the Central Joint Military Commission had failed to agree to an investigation that the International Commission of Control and Supervision was seised of a request for an investigation from the Republic of Vietnam and the United States delegations. The International Commission for Control and Supervision thus failed to act as its twenty-third session when it had a clear obligation to do so.

On Thursday, March 1, 1973, at the twenty-fourth session, the Canadian delegation raised the Khe Sanh incident on the basis of a public statement of February 28, 1973, by the Provisional Revolutionary Government (copies of which had been referred to all International Commission of Control and Supervision delegations). The Canadian delegation noted that, although the Provisional Revolutionary Government statement did not include any offer of co-operation in the investigation, it afforded an occasion for the Commission to review the case and meet its obligations. After further prolonged debate, the question was inscribed on the agenda for the twenty-fifth session of the Commission on Friday, March 2, 1973.

At the twenty-fifth session, it was noted that, as a result of receiving the Provisional Revolutionary Government statement, the Commission had the opportunity to correct the wrong decision it had made as its twenty-third session when it had failed to meet its obligations under the agreement and International Commission of Control and Supervision protocol. In supporting this view, the Canadian delegation noted that the dispute between the Republic of Vietnam and the Provisional Revolutionary Government concerning this question appeared to be particularly serious, and could even lead to action by one side or the other resulting in a resumption of general hostilities.

Despite the appeal by the Canadian delegation and by another delegation, two delegations refused to agree to an investigation on the grounds that no adequate evidence existed to justify an investigation. Once again, therefore, the Commission failed to take the mandatory action required of it.

At the twenty-sixth session of the International Commission of Control and Supervision on Monday, March 5, 1973, the head of the Canadian delegation, in a further attempt to ensure that the International Commission of Control and Supervision met its responsibilities, introduced a resolution calling for the necessary action by the Commission to carry out an investigation of the complaint. One delegation supported the resolution. Two delegations opposed the resolution, stating that their position had not changed and that they continued to believe that there were no adequate grounds for investigation. It is the opinion of the Canadian delegation that the argument of "no adequate grounds" has no validity as a justification for refusal to investigate, since Article 2 of the International Commission of Control and Supervision protocol makes it quite clear that the Commission has the mandatory obligation to investigate at the request of "any party".

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STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 73/8

CANADA ON THE ICCS: DIFFICULTY AND DILEMMA

An Address by the Secretary of State for
External Affairs, the Honourable Mitchell
Sharp, to the Empire Club, Toronto,
March 22, 1973.

...I am delighted to be here today. Your President's timely invitation has given me the opportunity to speak to you on the subject that happens to be most on my mind at the present time....

...I do not think it is really possible to appreciate the difficulties of Canada's role in the new Commission and the dilemmas about continued participation without some background on the long years of involvement in Indochina. This involvement reaches back almost 19 years -- to the International Conference held in Geneva in 1954 by Britain, the United States, the Soviet Union, France and China. You may recall that this conference followed the defeat of the French at Dienbienphu in 1954. This was the culmination of eight years of hostilities against the French colonial power by Vietnamese nationalists -- under the Communist leadership of Ho Chi Minh and the military leadership of General Giap, whose reputation continues. The task of that Geneva Conference of 1954 was to establish a peace settlement which might prepare the way for free elections and the eventual reunification of North and South Vietnam -- objectives which, I think you will agree, have a familiar ring.

The conference set up an international supervisory group known as the International Commission for Supervision and Control. Poland, India and Canada were invited to be its members. This body was despatched to Indochina with the responsibility to report -- and in this way it was hoped to deter violations of the cease-fire and it was also intended that the Commission would play a role in the supervision of free elections.

In its first year of operation, the old ICC established a good record with some notable achievements, and particularly the supervision of the movements of refugees, of whom there were many hundreds of thousands, probably a million, from North to South Vietnam. By the end of 1954, there were some 200 Canadians in the old ICC, about two-thirds of the number now serving in the revived, or the new, ICCS, and these were located in both North and South Vietnam. The task of the old ICC, at least from the beginning, was made easier by the fact that the cease-fire line was a more meaningful division. The Viet Minh -- that is, the Communist troops in the South -- largely withdrew to

the North, not in the leopard spots which bedevil the present situation but north of what is now called the demilitarized zone. But, of more importance at that stage, the principal parties wanted the agreement to work.

Unfortunately, the early successes of the ICC were not repeated. Commitments to the agreement gradually eroded and the International Commission slid into irrelevance. This was not because Canada had failed in its responsibility as a member of the Commission but largely because the adversaries in Vietnam repeatedly and violently broke the terms of the international agreement and, from watching over the peace, the ICC found itself watching a war.

You are familiar with the tragic escalation of the Vietnam war -- the hundreds of thousands of soldiers and innocent persons killed and maimed, the damage wrought on people in every sense -- socially, morally, economically and psychologically -- and, if I may add, not only in Vietnam.

As the Commission could do nothing to halt hostilities, you may ask: "Why did we stay on, with Canadians exposed to the hazards of war in both Hanoi and Saigon?" Some Canadians did lose their lives in Indochina. What possible Canadian or Vietnamese or humanitarian interest could we serve? Many have asked that question and, when I assumed the responsibility of Minister of External Affairs, I asked that question.

I can assure you that successive Canadian Governments had serious misgivings about staying on. We did so because we knew that ultimately the war must come to an end -- that it was unlikely one side or the other would obtain a clear victory, and that in these circumstances any peace supervisory machinery, however, rusty, might be needed and needed quickly. If in this small way we could help to facilitate a settlement of the war, we were prepared to swallow our frustrations and keep on a skeleton staff which could spring to life, perhaps in a revised form, when a cease-fire was reached. But once over that road has been enough.

There were other reasons, too. Although sometimes wrongly impugned as an American stooge, Canada and Canadian honesty in its work in Vietnam were generally respected by all sides. Some of the parties to the war, as did a number of Asian countries (indeed, even while I have been Minister of External Affairs, I've had these representations from Asian countries), indicated that they wanted us to stay on. They also wanted an international presence, symbolic of the old settlement, to remain intact.

Which brings us almost up to date. Let us look now at what has happened over the past three months:

- It's not three months since Hanoi and Haiphong were being bombed. That has now ceased.
- Negotiations for a cease-fire went on in Paris; and on January 28 a cease-fire agreement was signed by the four parties -- the four parties to that cease-fire agreement are the Republic of Vietnam (which is South Vietnam), the Democratic Republic of Vietnam (which is North Vietnam), the United States and the Viet Cong (or, as they have various names, the legal term is the Provisional Revolutionary Government of South Vietnam).

- Canada was formally invited to participate in the new peace supervisory commission, along with Hungary, Poland and Indonesia.
- And, only a very short time ago, an International Conference of 13 participants, including the Secretary-General of the United Nations, was convened in Paris to consider and endorse the cease-fire agreements.
- I attended as the leader of the Canadian delegation (we were there because we were a member of the International Control Commission) and I unexpectedly found myself a co-chairman of the conference....
- And most recently, in the events of the last three months, we've had the talks between the Republic of Vietnam and the other South Vietnamese party, the PRG -- Provisional Revolutionary Government, which have now opened in Paris.

Now, I have spoken briefly of the frustrations of the old Commission and, if you have a sinking feeling that history -- so far as the utility of the Commission is concerned -- may be repeating itself, I may tell you that I share this anxiety.

Because of this concern and because of our experience on the old Commission, as soon as the possibility arose that Canada might be invited to participate in a new commission, we made it clear that we would only accept such an invitation if our conditions based on this experience were substantially met.

The first, and fundamental, condition was that the provisions for the operation of the new Commission appear workable and offer some prospects of being effective. More specifically we stipulated these conditions:

- First, that the belligerent parties -- that is, the Americans, the South Vietnamese, the North Vietnamese and the Viet Cong -- should be bound by the same agreements which set out the role and procedures of the new Commission. Now, this was one of the shortcomings of the previous agreement -- people are inclined to forget that neither Washington nor Saigon were parties to the 1954 agreement and, therefore, never really considered themselves entirely bound by it. The signatures of all of the belligerents were, in fact, obtained in Paris. So that condition was met.
- We sought a "continuing political authority" to which the Commission or any of its members could report and consult and which would assume responsibility for the peace settlement as a whole. I went to Paris and I urged the acceptance of such a continuing political authority. We would have preferred the United Nations as the continuing political authority. It was quite clear before I reached Paris that that was quite impossible, so instead I proposed that the Secretary-General should chair the conference which I ultimately had to chair -- that the

Secretary-General should chair it, that he should receive the reports from the International Control Commission and that he should reassemble the conference, if need be, because of a breach -- a serious breach -- of the truce. We put that proposal forward, and even the presence of the Secretary-General as the vehicle for transmitting the reports of the International Control Commission to the other members of the conference or as the instrument for recalling the conference was unacceptable. And what emerged instead was an arrangement whereby the four parties to the Paris agreement, that is the belligerents themselves, are responsible for conveying to the participants in the Paris International Conference reports from the International Commission which the Commission has to submit to them, and the views of its individual members. Now, this is not a fully satisfactory arrangement by any means, but you'll see that at any rate we made some progress. I'm quite satisfied, if Canada had not gone to that conference and if I had not from the very outset put forward a proposal of this kind, there would have been virtually no provision whatever for any continuing political authority.

- We also made clear that Canada could not participate unless invited to take part by all of the parties concerned. And this, in many respects, was the most important condition. I was absolutely determined, and so was the Canadian Government, that we would not be there as the representative of any party, of any side in this conflict, that we were going to go there as the representatives of the international community acting in the interests of peace, and that we could not be labelled as the representative of Saigon or of the United States, or of China, or of North Vietnam, however unlikely that might be. This was obtained. All the parties asked us to participate on the Commission.

Now, as you can see, we were not altogether happy with the arrangements and they didn't comply fully with our conditions, and yet it is clear that an effort was made to accommodate our position.

With the signing of the cease-fire agreement in Paris we had to decide immediately whether or not to take part in the new International Commission. As we did not wish to obstruct in any way the path towards a peace settlement and as it was too soon to determine whether the arrangements for the Commission's operations would be workable, we agreed to take part for an initial period of 60 days and despatched immediately some 290 men and women to Vietnam to form the Canadian team on the International Control Commission, and we were very fortunate to have been able to assign to this responsibility two very distinguished men -- our Ambassador in Greece, Michel Gauvin, and General McAlpine, who is the military commander.

In this 60 days, which expires next week, we have to complete our own evaluation of the effectiveness of the Commission both in terms of its specific tasks and as a stabilizing presence.

It was my view that a personal, on-the-spot visit to the Commission and direct conversations with political leaders in Saigon and Hanoi would greatly assist me in making informed and responsible recommendations to Cabinet. It was also my view that this visit would assist members of the opposition parties to make their own judgments about an important area of Canadian foreign policy.... The visit also afforded us an opportunity to form impressions about the Canadian role in Laos, where we have been asked to expand our participation in a reactivated Commission -- this is, the old Commission in which we are still present.

My invitation was not accepted by the Conservative Party but I was very glad to have with me parliamentarians from the other parties in the House and from the Senate.

With this group, a number of official advisers and 34 journalists, we set off from Ottawa a week ago Tuesday on a journey of 22,000 miles.

...Our first major stop was Tokyo. I was anxious to discuss Vietnam with my Japanese colleague, the Foreign Minister, Mr. Ohira, particularly as I felt the Japanese absence from the Paris Conference deprived those meetings of important and influential counsel. On arrival at Tokyo I was agreeably surprised to learn that the Prime Minister of Japan, Mr. Tanaka, also wished to see me.... Both the Prime Minister and his Foreign Minister urged Canada to remain on the Commission despite the frustrations which they acknowledged. Their message was essentially "don't disturb the arrangements by withdrawal -- peace is too fragile". This was to be the prelude of advice which was consistently given to me by almost every political leader with whom I spoke during our visit.

In Saigon, I met with President Thieu, with the Prime Minister, and with my counterpart the Foreign Minister. I had a thorough briefing by the Canadian delegation to the International Control Commission and you may recall from your readings of the newspapers that there was a famous reception in Saigon given by Ambassador Gauvin, which was described as a diplomatic coup. It was, I believe, the first time that all of the parties to the agreement, including the principal representatives of the Viet Cong and of North Vietnam and the four ICCS representatives, had all come together under one roof in Saigon. And it really was quite a memorable occasion....

Saturday morning we flew to the regional headquarters of our International Control Commission at Can-Tho. Can-Tho is in the key Mekong Delta area, just south of Saigon. It was long and bitterly fought over as the rice bowl of Indochina. This was a fascinating and illuminating experience. We received an excellent briefing from Canada's External Affairs and military representatives and had discussions with members of the Joint Military Commission, as well as with the Polish, Indonesian and Hungarian members of the Commission.

The land in the Mekong area is still hotly contested. Indeed, the news of the last day or so has indicated how hotly contested it is because the confrontation that is now taking place at about division level is in the Mekong Delta area and indicates how crucial this area is to the struggle now going on. The Delta is quilted with leopard spots. You see, as I was saying,

the difference between the 1954 agreement and the 1973 agreement is that in '54 you sort of divided Vietnam in half, and there were the Communists and south were the others, although, of course, there were the National Liberation Front in the South also. But, in this case, in the 1973 agreement, it was a cease-fire in place, so that the struggle that is going on now is for small areas, for villages. And, as you go through Vietnam, you can see the flags on the houses indicating the allegiance of the inhabitants of that area. Well, you can imagine what it's like with the Liberation Front and the Government areas sitting side by side. We learned that, since the cease-fire came into effect in January, some 7,000 incidents had been reported throughout South Vietnam. Some of these involved large-scale operations, possibly up to divisional strength. But from all of these incidents came only 31 requests for investigation by the International Control Commission -- and from these requests only two reports have emerged. The Commission's frustrations, as you will see, are very real indeed.

There is one famous case, which has been well documented -- the investigation of some missiles that were said to have been located up at Khe Sanh in the northern part of South Vietnam, and the difficulties that emerged for our Chairman, Michel Gauvin, in trying to get an investigation under way, is simply too incredible to be recounted. First of all, it was said that the photographs that had been submitted by way of evidence must be forgeries. And then it was suggested, if they were not forgeries, they were taken before the truce came into effect, and so on, and so on, and so on. And, in the end, no investigation took place. The Commission divided two in favour of investigation, two against and, as you know, the argument of a straightforward Canadian like Michel Gauvin was: "Well, you know, they may be forgeries, let's go and find out whether they're forgeries. If they were taken before the truce, let's find out whether they were there before the truce." You know, that's what it's all about. But, in fact, nothing happened.

In Vientiane, which is the centre of government in Laos, I had a long conversation with the Prime Minister, Prince Souvanna Phouma. While recognizing a direct relationship between the war in Vietnam and the use of Laotian territory for military purposes, he was particularly anxious to ensure some measure of international involvement in the future of Laos through the reactivation of the old International Control Commission. We have now two people in Laos -- that's the skeleton that remains. A cease-fire has been achieved. However, the two sides in Laos have not been able to find common ground for a military agreement on the modalities of disengagement and supervision. Until this takes place, it will not be possible for us to determine our response to the request for Canadian participation in a reactivated Laos Commission.

I also had discussions in Vientiane with representatives of the Pathet Lao. Now, the Pathet Lao are the political grouping in Laos that is opposed to the right-wing element, I suppose you would say, in the Royal Laotian Government. But it is unlike the Viet Cong, because the Viet Cong pretends to be the Government of South Vietnam, whereas the Pathet Lao is simply a political force working in Laos, and it is possible there to incorporate them into the Government and this is now being done. I raised with them the case of Lloyd Oppel, the

Canadian missionary who was seized in Laos last October. I was quite frankly shocked to hear them tell me that Mr. Oppel's release would be delayed until certain domestic political arrangements in Laos had been agreed on. In other words, until a government had been formed in Laos under the new agreement. I replied in very plain language, making it clear to him that there could be no possible relationship between the continued imprisonment of a non-combatant Canadian citizen and political developments in that country. He promised to report my position to his superiors and I also raised this question with the political leaders when I was in Hanoi and they too promised to look into it. The reason I raised it in Hanoi is that Mr. Oppel's name first appeared on a list of prisoners supplied by the Democratic Republic of Vietnam, so I felt justified in raising his name with them, and he said "we will take this up with our allies, the Pathet Lao". Finally, I spent a day in Hanoi talking with Prime Minister Pham Van Dong and the Foreign Minister, Trinh. This was the first visit ever made by a Canadian minister to the Democratic Republic of Vietnam, which we just recognized a few weeks ago in order to show our impartiality as a member of the International Control Commission.

All of my talks with political leaders in Hanoi and Saigon centred upon the question of continued Canadian participation in the Commission.

As I have already indicated, the views of all the leaders with whom I spoke were to the effect that Canada should continue to serve on the Commission. Most of these leaders emphasized that the consequences of an early Canadian withdrawal would be far-reaching. I have also received similar views from the Governments of the United States, Britain, Indonesia and China. I made no commitment to any of them at that time and, in case you think I'm going to reveal any secrets, I'm not going to make any commitments here today, because the question is still before the Government.

While the advice to us had a common theme, I think it is relevant to point out that each party has its own distinctive reasons for wishing us to stay on.

For reasons which are very understandable, governments of countries not directly involved in Vietnam tend to suggest that any international presence is better than no international presence and that it's even better if Canada is there. For Canadians our 19 years in Vietnam have long since disabused us of any such illusions.

I found the attitudes of the leaders in South Vietnam very direct. They have no illusion that the ICCS would be able to discharge effectively the responsibilities set out in the Paris agreement. Indeed, I'm inclined to think sometimes that the way we want the ICCS to work is just an amiable eccentricity on our part. I explained very frankly to the Vietnamese, both in the South and in the North, that the composition of the Commission made it extremely unlikely that the Commission would ever reach a finding unfavourable to North Vietnam or to its allies in the South. At the same time I said that Canada would not hesitate to support a finding detrimental to the position of the Republic of Vietnam if we felt that the facts indicated such finding, because we take an impartial view. We don't look upon ourselves as representing

any side in this struggle. Whereas, obviously, some of the other members of the International Commission feel that's what their job is.

The South Vietnamese leaders acknowledged this. However, they said that the important thing was to bring all points of view into the open. They also attached importance to the Commission's presence in connection with the political settlement.

In the North the political leaders replied to all of our suggestions by referring to us the terms of the agreement. They regarded this as sacrosanct and like their counterparts in the South declared they intend to abide by the agreement.

I asked Prime Minister Pham Van Dong of North Vietnam which he regarded as having the highest priority, his country's desire for peace or the reunification of Vietnam as a whole. He replied that the question of priorities did not arise as strict observance of the agreement would lead to peaceful unification.

It was clear from these conversations that both the North and the South are expecting quite different, and in some ways contradictory, results.

In my conversations with Foreign Minister Lam and President Thieu, I raised the question of civilian prisoners in South Vietnam. I urged them to consider the weight of public opinion in Canada and abroad on this matter. Both told me that they had already released 5,000 civilian prisoners on the occasion of the recent lunar new year celebrations, and that they had provided a list of over 5,000 additional civilian prisoners to the other South Vietnamese Party, that is, the Viet Cong, for release in accordance with the Paris agreement and protocols. Both went on to contrast their record on this issue with that of the other side. They told me that of the 60,000 South Vietnamese civilians missing and presumed captured by the North Vietnamese and the Viet Cong, only 200 or so had been included in the list required under the Paris agreement and protocols. This will give you some idea of the flavour of the situation or of the atmosphere.

If I appear to be passing out a lot of bouquets it is not to be diplomatic -- but because they are more than justified. I was enormously impressed and proud of the efficiency and dedication of our people in Indochina -- both civilians and military. Many of them are working 16 hours a day, seven days a week, in appalling conditions. Their challenges and frustrations would be daunting on a weekly basis. Theirs are daily. The problems are not only those of a political and military character. Just as often they are administrative. It was soon abundantly clear to me that, had it not been for these Canadians, it is doubtful that the ICCS would have been in any position to be even potentially effective.

I would not like to leave you with the impression that nothing has been achieved and that this enormous effort has all been in vain. However unsatisfactory we find the present situation, it is an obvious improvement over the situation that existed before January 28. Prisoners of war on both sides are being released. Very soon the last American forces in Vietnam will

have departed. The ICCS had its role to play in these developments and, if it did nothing else but help to provide the framework within which these accomplishments were made possible, that in itself is ample justification.

You will have noted from what I have said that the Canadian approach is cautious, but it is also responsible -- responsible to Canadians, who would not wish us to make reckless and unrealistic commitments and responsible to society at large, which earnestly wishes an end to the bloodshed.

In conclusion I would emphasize that it has never been part of our mission in Vietnam to make peace. That can only be done by the Vietnamese themselves. Others have tried without conspicuous success and we have no such ambitions. We had felt that our readiness to respond to the unanimous request that we participate in the International Control Commission at the beginning could help to give a start to the cease-fire -- imperfect as it might be. That it has done. What now must be decided is how much further we should go. It has been my object during the past few weeks to ensure that the Canadian public, the Parliament and the Government have the fullest possible information on which to base their judgement....

S/C



STATEMENTS AND SPEECHES

INFORMATION DIVISION
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CANADA AND THE UNITED STATES: RELATIONS ON TWO CONTINENTS

An Address by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, in the Lecture Forum Series of the Chicago Council of Foreign Relations, Chicago, April 3, 1973.

* * * *

I ... welcome this opportunity to speak to an American audience about the relations between our two countries. It was less than a year ago that I spoke on this subject in the United States. Looking back over the rush of intervening events, it seems very much longer. The international monetary system is being shaken into significant and sometimes difficult adjustments. It has become increasingly evident that the postwar era is drawing to an end. Our economic geography is changing with the enlargement of the European Common Market and the ever-increasing economic power of Japan. But of considerably greater importance to you was the achievement of the ceasefire agreement in Vietnam -- bringing American military disengagement, a return of the prisoners and, it is still hoped, perhaps an end to a generation of bitter warfare in that unfortunate land.

A week ago today I announced in the House of Commons that Canada had decided not to exercise its option to withdraw from the International Commission of Control and Supervision in Vietnam after 60 days but to remain for a further period of 60 days -- that is, until May 31. At that time, unless there has been some substantial improvement or distinct progress made toward a political settlement, Canada will withdraw from the ICCS -- allowing a further 30-days grace period for the parties to find a replacement.

This was not an easy decision for us to reach. Our dilemma was this: Canadians remain anxious to serve the cause of peace in Indochina as long as there is the slightest hope of a peaceful solution to which the Canadian presence or function on the Commission can usefully contribute. But, at the same time, the Government was resolved that Canadians should not take part in a charade in which they would be required to supervise not a cease-fire but continuing and possibly escalating hostilities.

Put another way, Canada's international reputation is closely associated with our contribution to international efforts to make peace-keeping and peace-supervision a reality. Our credibility in that role is very much on the line in Vietnam.

In making our decision, we were very conscious that, of the various alternative courses of action, there was not one that would meet all of the demands being made upon us or which would command universal approval outside Canada.

Our approach to participation in the Commission was shaped at the very outset by our 19 years of largely frustrating experiences in the old International Commission for Supervision and Control in Vietnam. Many of you may not have heard of that previous Commission. If so, you are blameless because, for roughly 17 years of that period, the old Commission was ineffective. From watching over a peace, the Commission found itself watching over a war.

On the basis of this experience, we presented to the negotiators of the Paris agreement on Vietnam a set of conditions which, if met, would have in our view made the peacekeeping arrangements practical and credible. Some of these points were accepted but, when the final documents appeared, it was clear that supervisory arrangements left much to be desired.

We were particularly concerned about the establishment of a continuing political authority to which the Commission and its members could report. This had been a serious omission in the old Commission's arrangements. As leader of the Canadian delegation at the Paris conference at the end of February, I pressed hard, but with only very modest success.

I do not intend by these remarks to suggest in any way that the negotiators did not do their job. As I have said before on many occasions, this was undoubtedly the best agreement that could have been negotiated in the circumstances -- and I should hope that the results have, in spite of everything, turned the course of world events in a new and more peaceful direction.

I returned from Paris with the dilemma of whether or not to stay on still very much unresolved. I concluded that it would not be possible to reach an informed decision without having seen for myself the conditions in which the ICCS was operating or without having spoken directly to leaders of the governments most directly concerned. I had previously had several useful conversations with Secretary of State Rogers and was well aware of the views of your Government. I wanted to have the views of others as well.

Accordingly, three weeks ago today, I set off with a group of Canadian Parliamentarians, officials and journalists on a trip which put me in touch with both Vietnamese governments, the Government of Laos, as well as some leading personalities of the so-called Provisional Revolutionary Government of South Vietnam and of the Pathet Lao movement.

I found the attitudes of the leaders of the Republic of Vietnam very straightforward. They have no illusion that the Commission would be able to discharge effectively the responsibilities set out in the Paris agreement. I explained frankly to the Vietnamese, both in the South and in the North, that the composition of the Commission made it extremely unlikely that the Commission would ever reach a finding unfavourable to the North or to its allies in the South. At the same time, I said that Canada would not hesitate to support a finding detrimental to the position of the Republic of Vietnam where such a finding corresponded with the facts. South Vietnamese leaders acknowledged this. But for them the important thing was to bring all points of view into the open.

In the North, the political leaders replied to all of our questions by referring us to the terms of the Paris agreement. They regarded this as sacrosanct and, like their counterparts in the South, declared they intended to abide by it.

I asked Prime Minister Pham Van Dong which he regarded as having the higher priority, his country's desire for peace or the reunification of Vietnam as a whole. He replied that the question of priorities did not arise, as strict observance of the agreement would lead to peaceful reunification. It was clear from these conversations that both North and South Vietnam expected different, and in some respects contradictory, results.

This was a brief but very intense exposure to the facts of life in the Commission and to the attitudes of those most directly concerned. There can be no doubt that all of us on this visit came back with at least one common impression: that was that the Commission was not performing the tasks assigned to it under the ceasefire agreement -- and this in spite of the very considerable efforts of the Canadian delegation under Ambassador Gauvin to make it work.

We received another message in several of the discussions in Indochina: that we should not be too exercised as to whether or not the Commission was functioning as it was intended. A number of people suggested to us that there was a very different but quite vital role for the Commission which is nowhere hinted at in the texts of the agreement or the protocols. This was to provide an international presence which would be seen as an indication of the continued involvement of the world community in the Vietnam situation. In other words, although the Commission may not be indispensable for the purposes of the ceasefire agreement, its absence would be taken as an indication that the agreement lacked world support and consequently our withdrawal could become a further destabilizing psychological factor in an already very fragile situation.

And so for these reasons we decided to remain in the Commission for a further period of 60 days.

We have made it clear, however, and indeed this was one of our earliest conditions of service, that we would leave or otherwise modify our deployment in the field at any time if the parties to the agreement demonstrated by their actions that they no longer regarded themselves as bound by it.

Resumption of large-scale hostilities or any action tantamount to a direct denial by the parties of their obligations under the agreement would, in my view, relieve Canada of further responsibility to the ICCS.

I am not predicting that the arduous and skilful work which led to the agreement will be nullified by an early escalation of hostilities. The present situation is an obvious improvement over the situation that existed before January 28. The Commission had its role to play in these developments and, if it did nothing else but help to provide the framework within which these accomplishments were made possible, that has been, up to the present, ample justification for our role.

In concluding these comments on Vietnam, let me make one general observation affecting bilateral relations between your country and mine -- and it is this. It seems to me to be in the interests of both our countries that, as a member of the ICCS, Canada should be -- and should appear to the world to be -- an impartial, objective observer, reporting the facts as we see them, even if this may mean that from time to time we reach conclusions critical of the United States or its ally, the Republic of Vietnam....

As a member of the ICCS, Canada has followed what we call an "open-mouth" policy -- we have been open and direct in public statements in the belief that by so doing we can contribute to better understanding of the tasks confronting the International Commission in Vietnam.

Now let me see if I can contribute to better understanding of Canadian attitudes toward the United States by some friendly and frank talk about economic developments affecting relations between our two countries.

First, some simple and obvious facts. Total trade between our two countries exceeds \$25 billion annually. We are each other's best customer. Your overall trade with us is double that of your trade with Japan, your next-largest trading partner. We invest heavily in each other -- in *per capita* terms, Canadian investment in the United States exceeds that of American investment in Canada. This will probably strike you as a very satisfactory and mutually-rewarding arrangement. In most respects it is.

However, there is a catch -- and that is found in the disproportionate size of our economies. You are ten times larger in population and eleven times larger in gross national product. Thus the degree of Canadian ownership of the American economy is negligible, whereas U.S. investment in Canada results in about 50 percent American control of Canadian manufacturing industries. In some sectors, including automobiles and petrochemicals, the percentage of U.S. ownership is much higher.

You are the market for some 70 per cent of our total exports. We purchase about 69 per cent of our total imports from you. These figures speak for themselves about the intimacy of our economic involvement. They leave no doubt that, when Washington, Chicago or New York sneezes, the draught is felt in most parts of Canada. Conversely, a native Canadian virus is less contagious in the United States.

What about trends? The United States' share of our exports and of imports has grown gradually over the years, particularly as the proportion of traditional transatlantic trade declined. The growth of U.S. investment in Canada has followed a steeper upward curve. The United States share of net direct foreign investment in Canada has been running recently at 80 per cent to 90 per cent of the total.

Project these figures some years ahead, taking into account the recent acceleration of economic polarization, and you will readily understand Canadian anxieties. You will understand why we were so concerned about the 10 percent surcharge on imports by the United States Government in August 1971 in order to help meet your balance-of-payments deficit.

It was against this economic background that the Canadian Government embarked on a comprehensive assessment of our relationship with the United States. Basically we were confronted with one towering dilemma: whether or not interdependence with a giant super-power would impose an unmanageable strain on the conception of Canadian identity and on a number of key elements of our independence. Put another way, the question before us was: "Is it possible to devise a means of living distinct from but in harmony with the United States?"

The question was essentially one of direction. To my colleagues and me there appeared to be three broad paths of options open to us:

- (1) We could seek to maintain more or less our present relationship with the United States with a minimum of policy adjustment.
- (2) We could move deliberately toward closer integration with the United States.
- (3) We could pursue a comprehensive, long-term strategy to develop and strengthen the Canadian economy and other aspects of our national life and in the process to reduce the present Canadian vulnerability.

The first option would maintain more or less intact the present pattern of our economic and political relationship with the United States. It would involve a minimum of deliberate policy change. Its virtue lies in its appearance of cautious pragmatism. However, this option assumes a static situation which does not exist. It ignores the strength and momentum of the continental pull, which could, in time, overwhelm us.

The second option accepts the proposition that the intensifying relationships inherent in modern society and in economies of scale must lead to closer integration with the United States. There are undoubtedly some attractions to this in material terms.

It can be argued that the Europeans are moving in this direction and are doing so successfully. However, the parallel does not stand up to inspection. European identities are older and their roots more deeply anchored. The Common Market countries are much more equal in resources and power.

The enormous disparity in power between the United States and Canada and the relative youth of our national character place us in an entirely different position. In our circumstances, the process of economic harmonization, once in motion, is more likely to spill over and to dominate other areas of our national life.

The test of the validity of this option is essentially political. The implications of integration are quite widely known to Canadians -- and the temper of my country, as I judge it, is opposed to integration.

A central purpose of the third option would be to make the Canadian economy more resilient to external shocks. The path to this objective is the development of a much more balanced and efficient economy. The option involves actively encouraging specializing and rationalization. It looks to the emergence of healthy industrial and service enterprises in Canadian hands. This course seeks to avoid the situation in which, by dealing with bilateral questions on an *ad hoc* basis, looking only to their immediate or short-term implications, we find ourselves integrated by default. In our view, the third option faces up squarely to the future of our relations with the United States -- and appears to offer the only route by which Canada can live "distinct from but in harmony" with the United States.

All three options are, of course, abstractions. Like all abstractions, they tend to simplify complex matters. But the distinctions they draw between the various courses open to Canada are basically valid and useful. Each option can be argued on its merits. Each has costs -- costs in terms of identity, flexibility, independence and interdependence.

The Canadian Government has given these options and their costs long and careful consideration. The conclusion the Government has reached is quite clear. We believe that the best choice for Canadians and one that increasingly reflects the mood of Canadians is Option 3.

This option does reflect our anxieties about the degree of continental pull. But it is not anti-American. Far from it -- and I should like this to be very clear. Policies designed within the general framework of this option are intended to meet Canadian aspirations, to build on Canadian maturity and confidence, and in so doing reduce the irritations and frustrations which sometimes find outlet in shrill and unseemly anti-Americanism.

I have no doubt that there are times when you and some of your compatriots in Washington would welcome a less neurotic outlook from your neighbour.

In the sense that this policy is intended to produce a more resilient and mature Canadian economy, it is likely to become a more effective stabilizing factor within the continental context. The alternative is, as I have made clear, increasing integration. Increasing integration can only strengthen the protectionist forces which are abroad today with consequent dangers to both economic and political stability in the world at large. What I am saying is that, over the long run, Option 3 is in the best interest of both our countries.

It is also consistent with the view that President Nixon set before the Canadian Parliament in Ottawa last year. On that occasion, the President said:

"It is time for Canadians and Americans to move beyond the sentimental rhetoric of the past. It is time for us to recognize:

that we have very separate identities;

that we have significant differences;

and that nobody's interests are furthered when these realities are obscured."

He also had this to say:

"Our policy toward Canada reflects the new approach we are taking in all of our foreign relations -- an approach which has been called the Nixon Doctrine. The doctrine rests on the premise that mature partners must have autonomous independent policies:

Each nation must define the nature of its own interests;

each nation must decide the requirements of its own security;

each nation must determine the path of its own progress.

What we seek is a policy which enables us to share international responsibilities in a spirit of international partnership.

"No self-respecting nation can or should accept the proposition that it should always be economically dependent upon any other nation."

Thus, the Canadian view of our relationship does not diverge in essentials from the American view. My bias is, of course, Canadian, but I do not ignore the economic hazards faced by all of us on this continent. You face a serious challenge -- of that we are acutely aware. The United States trade deficit is huge and reflects the mounting volume of imports. You face the prospects of a rising deficit in energy requirements. The dollar has been devalued twice. Against this background, there are influential voices in this country charging that the international trading system no longer serves the American national interest.

We are greatly heartened that your Government has stood up to these pressures and has remained basically outward-looking, rejecting isolationism as a tenable option. It is very much aware that the dynamics of the American

economy and the genius of American technology still exert an enormous impact upon the world (just as Washington has held to the view that global peace and stability require a continuing United States role).

At the same time, your President has drawn attention to the growing imbalance in the scope of America's role and the potential contributions of America's partners. As we see it, the Nixon Doctrine seeks to reflect these realities: that a major U.S. role in the world remains indispensable and that other nations should assume greater responsibilities.

Inevitably even the best of friends and allies, as Canada and the United States are, disagree from time to time on international issues. Although the results at times appear abrasive, one of the essential elements of genuine friendship between two nations is the capacity to speak frankly, and, as each sees it, constructively, to one another. The irritants and differences which sometimes arise do not, however, obscure from us an awareness of the burdens which your country bears.

And there are irritants. There have been in the past and will be in the future. Some are the inevitable result of different outlooks on particular questions. Others tend to be misunderstandings -- in part or in whole. Of the present roster of difficulties between us, I believe that many fall into this latter category. Let me give you some examples.

For some time it was felt in this country that Canada was one of the culprits contributing to the serious American international trade deficit. This view was supported by your statistics, which, as sometimes happens in our computer age, were contradicted by our statistics. The discrepancy for 1972 was in the neighbourhood of \$1.5 billion. Happily, our statisticians are now getting together and managing to reconcile the differences. For example, on the 1970 trade figures, what the U.S. side thought was a \$2-billion deficit for them and what Canada thought was a \$1-billion surplus for us has turned out to be, in fact, a surplus of \$1.4 billion for Canada. Similarly, on current account -- which is a more reliable indicator, as it takes into account the flow of invisibles such as investment income, dividends and interest payments --, a reconciliation has taken place for 1970. In this case, what the United States thought was a \$600-million deficit for them and what Canada thought was a \$200-million deficit for us has turned out to be a \$100-million surplus for Canada. For 1972, our figures, including invisibles, show a current-account deficit with the United States of \$416 million. We expect that, when the Canadian and U.S. figures are finally reconciled, Canada will remain in a deficit position.

Washington has been, understandably, sensitive about the efforts or lack of efforts by the world community to stand behind American efforts to stabilize the international monetary situation. The devaluation of the dollar has, of course, been a key initiative in efforts to achieve a reasonable international monetary equilibrium. There was at one time a feeling in some quarters in the United States that the floating Canadian dollar has exempted us from the intended impact of the American measures. It has also been suggested that our "float" is managed to our advantage. However, I

am pleased to say that the question-marks in Washington about the "cleanness" of our "float" have been overcome. The Canadian dollar has floated downward with market forces and has largely maintained its previous relationship with the American dollar.

Legislative proposals concerning foreign takeovers and new foreign investment were introduced recently in our Parliament in Ottawa. These proposals fit the general framework of our Option 3, and their purpose is to ensure greater control by Canadians over the Canadian economy. This is the sort of thing which sends shivers of alarm through the free-enterprise system. There has been some reaction of this nature from the United States, based essentially on a misunderstanding of our intentions.

It is quite true that the purpose of this legislation is to resist the erosion of Canadian ownership, but this does not mean the exclusion or curtailment of American or other foreign capital. It is a sign of the greater maturity of our economy that we will not in the future require the same kind of inflow of foreign capital that we have had in the past if our full potential is to be developed. What we are doing is being more selective about the terms on which foreign capital enters Canada, to prevent, in some cases, the takeover of existing viable Canadian enterprises.

To illustrate this problem, I should point out that about 17 per cent of the net annual capital inflow is used to purchase going concerns rather than to develop new industries or new units in existing industries. It is in areas such as this that our new screening process will focus. If the result of an individual American takeover would be the withdrawal of research and development from Canada to the United States, the replacement of Canadian management by American management and the removal of that enterprise from the international export market -- and there have been takeovers in the past with precisely this effect --, such a takeover would almost certainly be prevented by the new legislation. I am sure you would agree that this legislation cannot be described as anti-American or, for that matter, anti-foreign.

Most developed countries, including the United States, face problems of regional economic disparities. One remedy includes government incentives and subsidies. The purpose of regional assistance is to preserve and create more jobs in areas of chronically high unemployment. The effectiveness of these remedies often depends on whether adequate markets can be found to sustain the enterprise that government assistance has salvaged or brought into being. The problem of reconciling the need for fair international market competition with the Government's obligations to help depressed regions is beginning to emerge as a vexing problem, another irritant in our bilateral relations.

A case in point is the Michelin tire-plant, which was set up with Government assistance in Nova Scotia, in an economically-depressed region of Canada. The plant's tire production requires an export market in addition to the Canadian market. Because Washington ruled that the Government's assistance to Michelin interfered with traditional market forces, a countervail was raised against Michelin exports. However, in our view a dislocation of

trade is not involved. American concern is that the Michelin plant involved instead a transfer of employment from the United States to Canada. As it happened, the only transfer was within Canada -- from one region to another. The methods by which the transfer was effected were in accordance with the international rules covering such matters -- to which Canada subscribes but the United States does not.

In these circumstances, you will understand Canadian concern about the wider implications which the decision has for the Canadian Government's obligation to implement an effective regional development policy.

There is great interest in the United States today in international energy developments, and Canada-United States relations in this sector are important to both countries. A number of factors have converged to bring home to many people some hard truths about the world's growing demand for hydrocarbons. Quite naturally, there has been some focus on Canadian oil supplies, particularly since some of the shortages in the U.S. have occurred in areas using Canadian imports. For more than a decade, our exports have grown rapidly, and almost all go to the United States in the form of raw material for your refineries.

However, recent growth in the United States demand has strained our capacity to produce and transport oil. The continuity of supply of Canadian oil to our domestic refiners was threatened. And, while Canada's national energy policy has been and remains to export quantities which are clearly surplus to our domestic requirements, recent and foreseeable future growth in export demand for oil has reached a level requiring close observation. This is necessary if we are to be assured of meeting foreseeable requirements in Canada.

For this reason, the Canadian Government recently introduced export controls on oil. This step to control export growth represents a change in the manner of implementing our national oil policy but not a change in the policy itself. It is the increase in world energy demand -- and especially that of the United States itself -- that has caused us to make this change and not, of course, any wish to be unreasonable to the United States.

The fact is that Canada's known reserves are limited. Even if the United States, with modifications now in its own import controls, were to have free access to our known supplies, these would help only marginally to reduce your rapidly-growing dependence on offshore supplies.

The search for new reserves in the Canadian North and off our East Coast is well under way. We are hopeful that important major discoveries will result, but we cannot count upon these yet. Our export controls are an interim measure. We are going to hold public hearings and we shall be considering, in the light of the views of all interested parties, what appropriate changes in methods may be needed over the longer term to protect the Canadian interest.

We are fully aware that your President will shortly seek authority in respect of tariff and other barriers to international trade. Authority to negotiate these barriers down would facilitate meaningful discussions with the U.S.A.'s trading partners in the course of the multilateral negotiations in GATT, which we firmly hope will happen before the year is out. Obviously the United States, the enlarged European Common Market and Japan are major factors in these negotiations, which potentially could be more sweeping and significant than either the Dillon or Kennedy Rounds. In these circumstances, it would be unfortunate if the road to further progress toward the liberalization of international trade were to be impeded, and if instead a negative atmosphere of confrontation were to arise in the relations among these leading economic powers. The repercussions of such a confrontation would fall not only on those directly involved but also on major trading nations such as Canada, whose interests and positions are distinctive and who are not associated with any of these larger economic powers or groupings. Finally, in such a confrontation it would be all too easy to overlook the interests of the developing countries, who perhaps have the most to gain -- or lose -- in these negotiations; measures will need to be taken to ensure that the developing countries emerge from these negotiations with greater scope for full and beneficial participation in the growth of world trade.

The problems I have been discussing are more challenging now because of the rapid movement and complexity of the international economic climate. It is our view that the recent Canadian budget has made a small but meaningful contribution to improving that climate. While essentially our budget is intended to deal with the economic situation in Canada, it should be helpful in the present international situation. It provides a number of very substantial tariff cuts affecting \$1.3-billion worth of Canadian imports. This is a significant figure -- amounting to about one-half of our reductions in the Kennedy Round. The United States is the principal beneficiary of these reductions.

What I have said so far would suggest that Canada's preoccupations with its neighbour are essentially economic. Our relationship is much more complex than that.

One element -- culture -- has a dimension of its own. Canadians are, of course, North Americans and much of our cultural heritage has a common base with you. But our perception of ourselves, the values and traditions which are distinctively Canadian, are becoming an increasingly important part of the quality and flavour of our society.

Our traditions are young. With the notable exception of French Canada, they tend to be of more recent vintage than yours. Their roots are not as robust as yours. They are more prone to dilution, and perhaps to extinction, in the face of the enormously pervasive projection of your life-style, values and culture.

We could, if we determined to do so, prevent the sale in Canada of, say, Brand X of American manufacture. But we could not begin to prevent American television and radio transmissions from reaching the majority of the

Canadian population. In other words, while we had eliminated the product, we would still be exposed to the advertisement.

This is not a criticism of American culture, which has made great contributions to the world. And I do not believe I am guilty of cultural chauvinism when I express these views. Our concern is not to insulate Canadian culture from contact with its neighbours. We would have no standards if our creativity were not tested internationally. No. My concern is that our sense of identity and separate traditions are not overwhelmed at the grass-roots level by the dynamism of American culture.

Thus, if we attach value to distinctive Canadian qualities, we have to take steps to nourish and protect them. We have to ensure that, where the standards of the product are equal, the Canadian offering is not ruled out by terms of competition that are unequal.

This is the general philosophy which underlies the Canadian Government's approach to this question. Our purpose is not to block out American cultural influence but to provide breathing-space and encouragement for indigenous Canadian creativity. This policy has produced remarkable results. Reserving a ration of television or radio time for Canadian content, providing more support for Canadian ballet, composers, orchestras and others, has stimulated a Canadian boom in the arts. You can make your own evaluation of our standards. Canadian artists are beginning to appear regularly in this country. A concert was given recently in Chicago by our National Orchestra from Ottawa.

The third option addresses itself to the cultural question as much as to the economic one. It is not that we value distinctness over quality. It is because, in the process of nation-building, distinctness can be a substantial factor for cohesion.

Perhaps the following quotation has some relevance to my theme:

"The true sovereigns of a country are those who determine its mind, its mode of thinking, its tastes, its principles; and we cannot consent to lodge this sovereignty in the hands of strangers".

Was this a Canadian nationalist speaking in 1973? No, ladies and gentlemen, this is an excerpt from an address delivered at the University of Philadelphia in 1823. It was good advice for Americans 150 years ago. I suggest it is equally good advice for Canadians today.

S/C



STATEMENTS AND SPEECHES

INFORMATION DIVISION

DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA - CANADA

No. 73/10

A VIEW AT CLOSE QUARTERS OF THE PEACEKEEPING PROBLEM IN VIETNAM

A Report to the House of Commons Standing Committee on External Affairs and National Defence on March 21, 1973, by the Secretary of State for External Affairs, the Honourable Mitchell Sharp.

* * * *

I led a group of Parliamentarians, officials and journalists on a journey of 22,000 miles, Mr. Chairman, between March 13 and 18, in the course of which I had conversations with the Foreign Minister and the Prime Minister of Japan, and the Foreign Minister, Prime Minister and President of the Republic of Vietnam. I also met the head of the so-called Provisional Revolutionary Government's delegation to the Joint Military Commission in Saigon. In Laos I spoke with the Prime Minister, the Foreign Minister and high officials of the Pathet Lao movement. In Hanoi, I spoke to the Foreign Minister and Prime Minister of the Democratic Republic of Vietnam.

In addition to these conversations, I talked with a representative cross-section of the Canadians who are serving with the Canadian delegation in South Vietnam and with our representatives in Laos. Our last representative on the old International Commission for Control and Supervision in Hanoi closed our operation there after close to 19 years and departed with us.

All these talks centred upon the question of continued Canadian participation in the International Commission for Control Supervision in Vietnam, and I may say that the views of those with whom I spoke were either very clearly, or by direct implication, to the effect that Canada should continue to serve on the Commissions and that the consequences of our early departure would be far-reaching. I have also received similar views from the Governments of the United States, Britain and China.

I made no commitment to any of them and can make no commitment now as to what our response will be, since the question is still before the Government. I hope at the meeting of this Committee today that I will hear some other views and I will certainly welcome the views that may be expressed by any of the members of this Committee as to the course of action that we might follow.

It is, I think, relevant to point out, however, that all the views that I heard and that I have received from other governments were not motivated by anything like identical considerations and purposes. Each party had its own particular reasons for wishing to have us stay on, but few, if any, of them had common motives among themselves or shared those of the

Canadian Government. Some, I think, would like to have seen an effective international commission. For others, it was sufficient for their purposes that a commission of some sort should exist. Their reasons were more in the realm of psychology and local considerations than arising out of a conviction that the ICCS as constituted could, in fact, ensure the carrying-out of the terms of the agreement.

For reasons that are easy to understand, governments of countries that are not directly involved in Vietnam present more general but familiar arguments to the effect that any international presence is better than no international presence, and that, even though there is no guarantee the Commission will ever do anything useful, Canada should nevertheless continue to serve against the possibility that it might be able to do something at some future time. This is not our own assessment of the Commission's *raison d'être*, or necessarily the assessment of those who advance the argument, but it illustrates a danger present in taking on assignments such as this. The job tends to create its own justification. For our part, after 19 years experience in Vietnam, we are not greatly impressed by this sort of argument.

The attitude of the leaders in South Vietnam was considerably more direct. They had no illusions that the ICCS would be able to perform in the manner envisaged in the agreement and protocols. Nor did they dispute our suggestion that the Commission was not a vital or integral part of the agreement itself since, if the parties wished to apply the agreement, they could do so without reference to the ICCS and, if they did not wish to honour the agreement, the ICCS could not oblige them to do so. I explained very frankly to the Vietnamese, both in the South and in the North, that the composition of the Commission rendered it virtually impossible for it ever to make a report that would be unfavourable to the Democratic Republic of Vietnam or the Provisional Revolutionary Government side, while, because of our desire to be objective, it is quite conceivable that we should find ourselves supporting a report detrimental to the RVN position.

The South Vietnamese leaders recognized this but claimed that, as long as we were present to bring all points of view into the public domain, we were helping their cause. They also laid great stress on what they called the political settlement. They said that they were concentrating their best efforts on the conversations now taking place in Paris with the PRG to set up the joint National Council of National Reconciliation and Concord, which is provided for under the peace agreement, which is, in turn, to make preparations for the holding of an election which would determine the political future of South Vietnam. I was told by President Thieu that it was in this area that he would seek his ultimate solution. If this failed, it would not be for want of trying on his part.

In my conversations with Foreign Minister Lam and President Thieu, I raised the question of civilian prisoners in South Vietnam. I urged them to consider the weight of public opinion in Canada and abroad on this matter. Both told me that they had already released 5,000 civilian prisoners on the occasion of the recent Lunar New Year celebrations and that they had provided a list of over 5,000 additional civilian prisoners to the other South Vietnamese party for release in accordance with the Paris agreement and

protocols. Both the Foreign Minister and the President went on to contrast their record on this issue with that of the other South Vietnamese party. They told me that, of the large number of South Vietnamese civilians captured by the North Vietnamese and Viet Cong, only 200 or so had been included in the list required under the Paris agreement and protocols.

In Laos, I had a long conversation with Prime Minister Prince Souvanna Phouma. He was naturally enough most concerned about what was happening in and to his own country. While he recognized that there was a direct and close relationship between the war in Vietnam and the use of Laotian territory for military purposes, his particular concern was to ensure a degree of international involvement in the future of Laos through the reactivation of the old tripartite ICC in Laos. The two sides in the war in Laos have not yet agreed on the military terms by which the agreement will be implemented. It is this protocol to the agreement which will determine the role of the commission. Until the protocol has been agreed upon, it will not be possible for the Government to determine how it will respond to the request that Canada should take part in a reactivated ICC in Laos.

I should like at this point to report to the Committee...that I raised the question of Mr. Lloyd Oppel with the Pathet Lao leadership in Laos, where Mr. Oppel was taken prisoner, and again in Hanoi.

General Phoun Sipraseuth, in Vientiane, at first told me that Mr. Oppel's release was being delayed pending certain political developments in the situation in Laos. I minced no words in making it clear to him that there could be no possible relationship between continued imprisonment of a non-combatant Canadian citizen and any political developments in that country. I said that Canadian public opinion was very much interested in the fate of Mr. Oppel and that it would react against the Pathet Lao for keeping him imprisoned for reasons such as those he had mentioned. He promised to report my position to his superiors.

In Hanoi, I again enquired after Mr. Oppel -- and I did so because his name was included on a list of prisoners supplied by the DRVN, and that was why I felt justified in raising the question with the authorities there -- and was informed that the DRVN authorities would be in touch with their Pathet Lao allies to see what could be done. I am hopeful that these representations will have the effect of reducing the inexcusable delay in releasing Mr. Oppel.

I also raised the question of the three Canadians who were passengers aboard an ICC aircraft which disappeared on a flight between Vientiane and Hanoi in 1965. On that matter my enquiry was noted, but it elicited no new information.

In Hanoi the leaders of the Democratic Republic of Vietnam replied to all questions by reference to the terms of the agreement. This they regard as sacrosanct and, like the South Vietnamese, the North Vietnamese Foreign Minister and Prime Minister asserted that they intended to abide strictly by the agreement and expected everyone else to do the same. In this context, the Prime Minister asserted that there was no conflict between North

Vietnamese desire to unify the country and his insistence on his country's desire for peace. The strict observance of the agreement would lead to the peaceful unification of North and South Vietnam.

In summary, I would say that both North and South Vietnam expect to get quite different, and perhaps contradictory, results from the strict observance of the agreement. In Laos the earnest desire of the people with whom I spoke was that they should be left alone to settle their own differences. It seemed such a reasonable and modest request that one could not help being attracted to it and to the people who made it.

One of the high points of the trip was the time spent with the Canadian delegation in South Vietnam. I would like once again to say how good it was to see Canadians working in this extremely difficult environment against so many odds and maintaining such a high level of morale and effectiveness. The vast majority of personnel in the Canadian delegation are, of course, from the Canadian Forces, ably directed by Major-General Duncan McAlpine under Ambassador Gauvin, the head of our delegation. They and their External Affairs colleagues have demonstrated their technical and professional competence many times over. It became abundantly clear that, had it not been for these Canadians, it is very doubtful if the ICCS, and, indeed, in some respects, other bodies established by the agreement, would have functioned even to the extent that they do.

Some of the members of the Committee may have seen reports of the reception given by the head of the Canadian delegation, Michel Gauvin, on the evening of our arrival, which, I believe, was the first time that all parties to the agreement and all the members of the ICCS had come together under one roof. Along with my Parliamentary colleagues, I had the opportunity of exchanging views with many of them and to broaden my understanding of the widely different points of view they represented. I think it must have been particularly helpful to the press, who, I gather, monopolized most of the time of the PRG delegation.

We were, of course, given a thorough briefing by the Canadian delegation and later visited a regional headquarters at Can Tho.... Saigon is there and Can Tho is down in the middle of the Delta. This place, as I say, is in the much-fought-over Mekong Delta, where once again we were shown in intimate and close detail just what was involved in the ICCS operation and how the parties were conducting themselves on the scene of action. We were told by our briefers that it had been estimated that there had been some 7,000 incidents since the cease-fire came into effect in January, some of these involving extremely large-scale operations, possibly up to divisional strength. Out of these have emerged only some 31 requests for investigation by the ICCS -- some of these have been added since I left Saigon. There were only 26 when I was there, so five have been added in the few days since. From these requests, just two Commission reports have emerged. Moreover, there are areas in which the essential pieces in the mechanism, the four-party and two-party Joint Military Commissions, have yet to be established.

While there is no denying the seriousness of the situation, I would not like to leave the impression that nothing has been achieved or that our presence has been of little or no value. No one will deny that the present situation, however unsatisfactory or short of the condition of peace which everyone hopes for in Vietnam, is nevertheless an enormous improvement over the situation that existed before the peace agreement was signed on January 28. To begin with, American and Vietnamese prisoners of war are being released. Shortly, the last United States forces in Vietnam will have departed. The ICCS has had its role to play in these developments and, if it did nothing else, this would have justified its existence. In addition, the four parties are in contact, and perhaps more important, so are the two South Vietnamese parties, not only in Saigon and other areas but, more importantly, at the political level in Paris.

The agreement as it has been carried out falls short of what we desired, although I am not at this stage prepared to say by how much or how this short-fall will affect further Canadian participation. The facts as I have given them to you are now being studied by my colleagues and me and we will very shortly be bringing our decision to Parliament for consideration. I hope that by now no one in this country or elsewhere is under the impression that it is our function to bring peace to Vietnam. Many have tried, but it is now clear beyond doubt that only the Vietnamese themselves can establish peace in their troubled country.

I should also mention that, in all three countries that I visited, I informed the government leaders I met of Canada's willingness to provide economic development assistance and that we would be prepared to discuss the modalities, including the question of bilateral and multilateral assistance, at any time they considered convenient. In all three capitals, my interlocutors agreed to pursue this matter with us at a mutually convenient time.

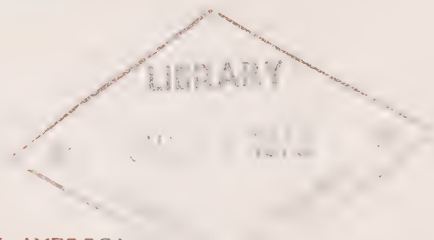
I would not like to conclude this summary of my tour without mentioning the kindness and hospitality with which we were met by the governments in Saigon, in Laos and in Hanoi. The warmth of the welcome made it clear that, whatever our position in respect of the role of the ICCS might be, in bilateral terms, Canada is well regarded by the statesmen with whom I spoke. Thank you.

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STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 73/11

NORAD AND THE AIR DEFENCE OF NORTH AMERICA

A Statement by the Minister of National Defence, the Honourable James Richardson, on April 13, 1973, to the House of Commons Standing Committee on External Affairs and National Defence.

...I understand that the Standing Committee on External Affairs and National Defence wishes to give particular attention to the air defence of North America and more particularly the NORAD Agreement. I will, therefore, as requested, confine my remarks this morning to this important subject.

In the evidence which he gave you on March 2, Lieutenant-General R.J. Lane, Deputy Commander-in-Chief of the North American Air Defence Command, has already provided you with a fairly full account of the history of NORAD, of its currently assigned missions and of the forces and facilities which the Canadian and United States Governments have placed under the operational control of CINCNORAD. General Lane also described to you the strategic threat to North America as it is seen from NORAD headquarters and spoke briefly on the Command's view of its future needs. Mr. Kirkwood, my Assistant Deputy Minister (Policy), who accompanied General Lane, gave the Committee a brief account of the relationship which exists between Canada's contribution to NORAD and our ability to exercise and ensure respect for our national jurisdiction in Canada's air-space.

Members of the Committee who were able to attend that briefing will recall that the present strength of NORAD is 85,000 military and civilian personnel. I believe it is worth emphasizing that the number of personnel in NORAD have been reduced substantially during the last decade. The present strength of 85,000 is down from 248,000 in 1961.

The breakdown of the present strength is that 11,000 are provided by Canada and 74,000 by the United States. The United States' forces consist of 53,000 full-time regular force and civilian personnel, mostly of the Air Force and Army, and 21,000 from the National Guard.

NORAD's interceptor force today consists of three Canadian Forces squadrons, nine regular United States Air Force squadrons, and 17 American Air National Guard squadrons. The anti-aircraft missile force, entirely American, has 28 *Hercules* missile batteries manned by the United States Army, 27 *Hercules* batteries manned by the Army National Guard and eight Army *Hawk* missile batteries.

Canada's contribution to NORAD in terms of military personnel may appear large by comparison with the United States contribution. But, in comparing the relative contribution of both countries, we should not forget that the United States Government pays virtually all of the costs of operating and maintaining the Distant Early Warning line. The Dew Line, as it is called, is operated under civilian contract and manned mainly by civilians employed by the contractor, who are not counted in the previous figures. The United States Government also pays a substantial share of the costs of the other ground-based radar, interceptor-control and communications facilities which make up the air-defence ground environment in Canada. We currently estimate the direct, annually recurring costs of all North American Air Defence activities in Canada at about \$250 million, to which the United States Government contributes approximately \$100 million. This means that in round figures, the cost to Canada of our air defence, including our participation in NORAD, is \$150 million. The total annual costs of NORAD to both Canada and the United States amount to about \$1,270 million annually. With due allowance for differences between the two countries in budgetary procedures, the Canadian contribution of \$150 million amounts to just under 12 per cent of the total.

In addition, the United States Joint Chiefs of Staff have made provision to assign to the operational control of the Commander-in-Chief NORAD other suitable forces that might be available in the United States. Thus the forces available to NORAD might be augmented by fighter squadrons of the United States Air Force Tactical Air Command or Navy and Marine squadrons that were not otherwise committed.

I should now like to discuss with you air-defence co-operation between Canada and the United States, and the objectives of the Government's defence policy as they relate to Canada's security from military attack in the present strategic setting.

There can, I believe, be no doubt that a close link exists between the security of Canada from external military attack and the security of the United States. The White Paper *Defence in the Seventies*, published in August 1971, identified a large-scale attack on North America, occurring as part of a catastrophic war between the two super-powers, as the only direct military threat to Canada's national security. Although it is improbable that nuclear war between the Soviet Union and the United States would be deliberately initiated as long as a stable strategic balance between these two countries and their allies is maintained, Canada's overriding defence objective must, as the White Paper said, be the prevention of nuclear war. There are a number of means by which we seek to do this, including efforts to ease tension through political reconciliation and to bring about arms-control and disarmament agreements. The way most relevant to the activities of my Department and to co-operation between Canada and the United States in North American defence activities is that of contributing to the system of stable mutual deterrence which now prevails between the two super-powers.

The evolutionary process through which this stable mutual deterrence has been achieved in recent years has undoubtedly been the most significant international strategic development during the past several years. Deterrence has come about as the result of increasing recognition on both sides that defence, in the commonly-accepted sense of the word, is not now technically or economically possible against large-scale nuclear attack. Stated in the simplest language, the current defence against war is to keep both sides fearful of the consequences of war.

This realization that there is now no practical way to stop inter-continental or submarine-launched ballistic missiles has led to a conscious decision by each of the super-powers to counter the threat to its security by placing its own strategic forces in such a way that, even if the other power decided to attack first and was able to achieve maximum surprise, the country being attacked would be able to retaliate in such strength that it would be able to devastate the territory of the attacker.

Deterrence as a military concept is neither particularly new nor particularly difficult to understand. A power is deterred from launching a military attack when it believes that the consequences it will suffer, or the penalty it will pay for doing so, will be so serious as to outweigh or nullify the advantages it might expect to gain. What is new in the present strategic situation, and what, I believe, gives hope for something better in the more distant future, is that, as between the super-powers, deterrence is perceived to be mutual and it is perceived to be stable. Both sides now appear to believe that the consequences they would suffer from retaliatory attack nullify any possible advantage they might gain from initiating a nuclear attack. The core of our policy is that we believe that it is very much in our interest and, in fact, in the interest of the whole world, that mutual and stable deterrence continue until the need for it is, we hope, removed by better understanding and by meaningful negotiation. The agreements reached between the United States and the Soviet Union as a result of the first round of Strategic Arms Limitation Talks, and the fact that they have embarked on the second round, give encouraging evidence that they share this view.

Stable, mutual deterrence rests on the possession by both sides of strategic forces which satisfy three interrelated but essential conditions.

The first requirement is diversity in the composition of the strategic forces to ensure that weapons which may be capable of knocking out one component will not knock out other components. Both the United States and the Soviet Union have achieved this kind of diversity by including within their strategic forces such different components as land-based Intercontinental Ballistic Missiles (ICBMs) of various kinds, Submarine-Launched Ballistic Missiles (SLBMs), and long-range bombers.

The second essential condition is "survivability". Diversity, of course, contributes to survival. Both sides, however, have taken a variety of other measures to enhance the "survivability" of their strategic forces. These include such steps as putting the majority of their land-based missiles in well-protected silos, dispersal of missile complexes or bomber bases to widely-separated geographical locations, and concealment, particularly through placing missiles in nuclear-powered submarines. Because of their endurance and mobility, these submarines are capable of remaining concealed below the surface of the oceans for long periods.

The third condition is that of confidence. By this I mean the confidence of each of the super-powers that its capability to mount a devastating retaliatory attack is assured, and that it has denied, and has convinced the other super-power that it has denied to the latter, the possibility of achieving a decisive advantage by launching a large-scale surprise or pre-emptive attack. This confidence is the product of effective surveillance and warning systems and of the continuing watch which each side maintains in peacetime on the activities of the other side's forces to ensure it knows with reasonable certitude what they are capable of doing, and

that adequate notice of any changes in the disposition or capabilities of these forces will be obtained.

I should like now to relate the question of the future of NORAD and of the NORAD Agreement to the broader strategic considerations I have just outlined.

It is well known that the relative importance of the long-range bomber as a component of the Soviet strategic forces has steadily declined as the Soviet Union has built up its intercontinental and submarine-launched ballistic missile forces. It is probably also true that the long-range bomber force is now the least important of the three major components of the Soviet strategic forces, and certainly, for employment in a first strike, the least effective of these components.

The relative decline in the strategic value of the long-range bomber is not the result of accident. It is the product of three factors: the bomber, when on the ground, is difficult to protect and is therefore vulnerable to an opponent's missile attack; the bomber, by comparison with a ballistic missile, takes a long time to reach its target and therefore allows considerably more time in which to obtain warning of attack; and, finally, the bomber, when in the air, is far more vulnerable than missiles to interception and destruction by defensive forces.

As General Lane told you, we now believe that, if the Soviet Union were to decide to launch a nuclear attack on North America and to employ bombers in such an attack, the bombers would be launched at the same time as the ICBMs, or subsequently, against targets which might have survived the initial missile attack. I think we should recognize that, if so employed, the bombers could add substantially to the total of destruction and casualties, but would nevertheless have little influence on the basic strategic outcome. By the time the bombers reached their targets, the retaliatory attack would, in all probability, have occurred.

My Department has, as you will be aware, recently carried out a complete review of our air-defence policy. In this review, we have had to recognize that the bomber, *if it could reach its target undetected and unopposed*, would be a very effective weapon against United States land-based missile forces and strategic bomber forces and could seriously reduce United States retaliatory capabilities. We have concluded that effective early-warning systems, able to detect the approach of bombers well away from their targets, are the main requirement to deter the Soviet Union from using them effectively in a first-strike attack on the United States retaliatory forces. As long as such effective early warning is available as NORAD provides through the Dew line and Pine Tree radar systems, bombers could not be launched by the Soviet Union ahead of missiles in a co-ordinated attack without running the serious risk of indicating an intention to attack well before the missiles were launched and inviting United States pre-emption of the missile attack.

We have also concluded that to rely at this time on warning alone to deter bomber attack would introduce an undesirable element of instability into the present strategic system. Bombers are large aircraft which, in international airspace, are not readily distinguishable from the host of other large aircraft regularly plying the international airways. Their crews must be trained in and practice their missions in peacetime, and, in the course of such exercises, foreign bombers from time to time approach North America to probe the alertness of the defences. Effective early warning requires a capability not only to detect such aircraft through radar but to carry out positive identification as well.

The detection of a number of ballistic missiles on course for North America would constitute unambiguous warning of imminent strategic attack. This would not be the case, however, for detection and identification of potentially hostile bombers approaching North America, even in considerable numbers. The intentions of an intruding bomber force remain unknown up to the point at which it releases its weapons, unless before that point it is effectively challenged. The approach of potentially hostile bombers in an ambiguous situation might lead to the release of retaliatory forces even without direct confirmation that an attack, as opposed to a show of force or even just an exercise, was intended. The stability of deterrence is, therefore, reduced if intruding bombers cannot be compelled by interceptor aircraft to reveal clearly what their intentions are.

Accordingly, it is our judgment that the two North American nations should maintain a reasonable level of capability to intercept aircraft approaching North America in order to provide for positive identification when necessary, and also to remove any ambiguity about the intentions of approaching aircraft identified as foreign bombers. It is important to recognize that this concept of stabilizing the deterrent does not require a capability to defeat an attacking bomber force but merely to determine without ambiguity, through the threat of significant losses, whether an attack on the continent is actually intended. The capacity to obtain that unambiguous determination should be sufficient to deter destabilizing probes or exercises; deterrence of actual attack, however, depends not on the air defence capability but on the assured retaliatory capability.

Canada, because of its geographical position, can contribute effectively both to the surveillance and warning systems and to the interceptor forces which the two governments judge necessary for our mutual security and to make sure that Soviet bombers cannot be employed effectively against the United States retaliatory forces. We can, moreover, make this contribution more effectively within the kind of integrated system for operational control of the air-defence forces of both nations which the NORAD Agreement has established.

At the present time, neither government has yet reached the point at which it is prepared to decide on the precise future of its air-defence systems. Further review and consultation will be required before these decisions are made but, in the meantime, I believe it would be most unwise to dismantle the existing NORAD arrangements.

From a purely national point of view, we need to maintain the capability to detect, identify and control aircraft which might not comply with Canadian regulations or might otherwise infringe on our sovereign authority and legitimate interests. For this reason, even if we did not make our present contribution to NORAD, we should still require similar forces and levels of capability. To provide all the facilities involved entirely by ourselves, without the type of close co-operation with the United States which we now have, could cost us more than our present NORAD contribution. Furthermore, we see advantage in greater integration of Canada's military and civil air-traffic surveillance and control systems, a trend observed in the United States as well. In this situation, and with a high and ever-increasing volume of air traffic between the two countries, a high level of cross-border co-operation will be a practical necessity.

As a final point, the working arrangements developed within the context of the NORAD Agreement would ensure the closest consultation between the two governments in any situation which could develop into a direct military threat to

North America. Hence the Agreement provides us with a useful instrument to make our views known to the United States at the senior level in possible critical situations. Such access, arising from NORAD, which is limited to matters concerning the defence of North America against aerospace attack, could also permit exploration at a time of tension of other aspects of the situation, in which Canada might not be directly involved and which it might, therefore, otherwise have little opportunity to raise.

Taking all these considerations into account, Mr. Chairman, I believe that Canada and the United States should continue to co-operate closely in the air defence of North America. I believe that the NORAD system has served us well for this purpose, and that it provides the best framework to develop future arrangements in this area that is vital to our national life.



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 73/12

NATO: HOW IT SERVES CANADIAN INTERESTS

Notes for a Talk to the Canadian Parliamentary Association by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, Ottawa, April 17, 1973.

In recent years the Government has conducted thorough reviews of its foreign and defence policies. One of the principal conclusions reached was that defence policy should flow from foreign policy and that both should be designed to serve Canadian interests. In a rapidly-evolving world situation, the Government decided that, while pursuing a deliberate program of broadening and diversifying Canada's relations with other states of the world, it should continue to support the organizations to which we already belonged, including NATO. The purpose of my remarks tonight is to outline some of the reasons why we believe participation in NATO serves Canadian interests.

But first a word about NATO itself. It is perhaps a common misconception to think only of Western Europe when NATO is mentioned. It is much more. NATO is shorthand for an association of states stretching from the Pacific coasts of the United States and Canada to Greece and Turkey in the Eastern Mediterranean. Its members range from the most powerful country in the world today to one of the smallest, Iceland, which possesses no military forces of any kind and relies entirely on the security of the alliance for protection from military attack.

The commitment to assist each other in the event of an attack is enshrined in the North Atlantic Treaty, which was signed in 1949, with Canada one of the original signatories. Although France no longer participates actively in the integrated military structure of NATO, it has remained a member of the alliance and its forces engage in exercises and planning for joint military operations. At present we contribute forces to the three major areas of the alliance -- in Europe itself, in the Atlantic, where our maritime forces are earmarked for assignment to SACLANT in the event of an emergency, and in North America, through the NORAD Agreement (although this is not formally part of the North Atlantic Treaty). In all three spheres, our contribution is modest in the overall scale, but well respected because of its high calibre and professional qualities.

These forces of all the members of NATO, including U.S. nuclear strength, constitute the Western component of the present system of balanced mutual deterrence.

Pending greater progress towards disarmament or a more effective world collective security system under the United Nations, the present balance of deterrence is our best safeguard for peace. In short, NATO's primary security purpose is deterrence.

Its second main purpose is to pursue all realistic avenues of *détente*. At NATO headquarters in Brussels, there is a highly-effective mechanism for inter-allied consultation on a whole range of international political and defence questions of common interest. It is headed by the North Atlantic Council, which meets at least twice a year at ministerial level; but the Council is permanently in session and can be convened in a matter of hours to deal with crises as they arise. Canada and the 14 other nations are represented at senior ambassador level. The Council is assisted by a complex network of committees, including a Committee of Economic Advisers, a Committee of Political Advisers and a Science Committee.

In addition to their traditional functions, these committees now have to adapt themselves to new forms, as well as to the increased pace of consultations, in order to provide the necessary co-ordination of Western positions on subjects on the agenda of the Conference on Security and Co-operation in Europe and Mutual Balanced Force Reductions preparatory talks in Helsinki and Vienna. Specialized NATO sub-committees, drawing on legal, economic, political and cultural expertise from capitals, are busily engaged in elaborating NATO's positions on these and many other issues for use in the negotiations themselves. It is clear that a full and careful preparation of these negotiations is necessary in order to ensure their success.

NATO has also embarked on a program to stimulate co-operation in another area of non-military activity. Comprising nearly all the major industrial states of the world, NATO has successfully promoted an exchange of views and experience on environmental and ecological problems under the auspices of the NATO Committee on the Challenges of Modern Society. You will be aware that Canada was host to the plenary session of this committee last week. It was generally agreed that this had been a very useful meeting.

In *Foreign Policy for Canadians*, a primary aim of Canadian policy was defined as follows: "Canada should continue secure as an independent political entity". For a country of Canada's size and geographical location, membership in the alliance provides a high degree of security at a relatively low cost in terms of resources devoted to defence. Even though we contribute forces to all three areas of the alliance, the proportion of our gross national product devoted to defence is considerably lower than that of several other members.

In defence, as well as in political terms, participation in the wider collective defence arrangements of NATO is helpful in projecting our national identity. The Canadian land and air forces in Europe are now combined in one headquarters and, although relatively small, have achieved a deservedly high reputation for effectiveness. They represent in European eyes the visible evidence of Canada's continuing commitment to the alliance.

Participation in NATO's common defence effort does not prejudice the Government's freedom of decision or involve an automatic commitment as to the means of providing mutual support. Article V of the NATO treaty requires that each member take "such action as it deems necessary" in the event of aggression in the treaty area. We can be satisfied that Canadian troops in Europe cannot be ordered into

action by SACEUR without a fully-conscious decision by the Canadian Government to authorize him to do so. Similarly, our maritime forces in the Atlantic are only "earmarked" for assignment to SACLANT in an emergency. Canadian Government authority must be given before they can be deployed in action.

Given Europe's continuing preoccupation with security, the continued presence of Canadian forces has important political overtones. It is evident that Canada's forces in Europe do not play a critical part in the overall strategic equation. However, as a symbol of the credibility of the North American commitment, they remain very important from a political standpoint. This is particularly true in the case of the Federal Republic of Germany because of its special situation. The other smaller members of the alliance, such as the Netherlands and Norway, who are less than sure about the political consequences or the adequacy of integration of defence arrangements among Europeans, are most anxious to retain intact the United States and Canadian commitment to Europe. The Norwegian Foreign Minister, who was visiting Ottawa last week, expressed his Government's special appreciation for Canada's participation in NATO and for contingency plans we have made to send additional forces to that country as a reinforcement measure in the event of an emergency.

Participation in NATO can also have certain direct benefits for Canadian industry. In the NATO program for satellite communication facilities, in which some significant sums will be expended in the coming years, we have obtained recognition that the bids of Canadian manufacturers for all the projects related to this program will be evaluated free of import taxes and duties. It took some bargaining, of course, and it could eventually be accepted as a principle because governments rather than private agencies were the parties to the arrangements. This is a useful illustration of the special advantages we seek to derive from the security relationship with Europe and the kind of concessions we are given. There is a good deal more in the way of technological "spinoff" for Canada, of course, by way of access to European systems in the space and communications fields.

Other illustrations worth mentioning are the possibilities for co-operation with our European allies in the defence production field, which are currently being pursued on many fronts. There are also many co-operative arrangements with them in the field of training whereby Canada extends the use of Canadian training facilities on a full-recovery basis to Britain and the Netherlands. Others are under discussion. All these bring regional economic benefits to Canada at some base facilities which might otherwise be closed down or remain dormant.

Participation in NATO provides a means of strengthening our relations with the countries of Western Europe. To the extent that most, if not all, of the European members of NATO attach considerable importance to the alliance as a guarantee of their security, Canadian support for and active participation in the political and military activities of the alliance can help create a favourable attitude towards Canada on the part of the individual European governments. This can, in turn, influence the position of the same governments when, as members of the EEC, they are required to take action which could affect Canadian interests. A good example of this interaction was the West German Government's initiative in making a direct reference to Canada's economic interests in the communiqué issued by EEC heads of government last year. This step was prompted, we have good reason to believe, by the importance the Germans continue to attach to maintaining a Canadian presence in Europe.

As you know, Canada is making a special effort to develop a satisfactory

relationship with the newly-enlarged European Economic Community. Important Canadian economic interests are at stake, particularly with the situation arising out of the admission of Britain. To the extent that we continue to play a positive and constructive role in NATO, I am convinced that our participation in the alliance cannot but assist us in establishing a good working relationship with the EEC.

NATO strength and solidarity can take much of the credit not only for maintaining peace but also for the progress made to date on East-West issues. The West German Government itself has acknowledged that its *Ostpolitik* could not have succeeded without the backing of its allies. The road to the opening of the negotiations in Helsinki on the CSCE and in Vienna on MBFR required an unstinting diplomatic effort on the part of all concerned, and deliberate and careful consultation in NATO. There is a strong conviction in Europe, which we share, that NATO solidarity will need to be maintained throughout the negotiations which have already been initiated.

Our membership in NATO is our admission-card to the consultations and negotiating tables of the alliance. This is particularly important at the present time, when Canada is directly participating in two separate but related negotiations which have opened a further phase in the lowering of tensions and increasing security in Europe and in the world. The first of these is the Multiple Preparatory Talks in Europe, which have been under way in Helsinki since November last year, with some 35 countries participating. Canadian interests are closely engaged in the CSCE agenda items, and it is worth singling out the economic and freedom-of-movement issues to illustrate the range and importance of the CSCE issues for Canada's foreign and domestic policy aims.

The second set of negotiations in which we are directly participating is the exploratory talks on Mutual and Balanced Force Reductions, which have been under way in Vienna since late January. The main participants in this negotiation are the countries of NATO and the Warsaw Pact which maintain forces in Central Europe. We expect this to be a difficult negotiation, but it seems to us that it would be illusory to expect *détente* to flow from the CSCE negotiations if parallel steps are not taken to reduce the tensions stemming from the present confrontation of forces in Central Europe.

This is why we regard the CSCE and MBFR as parallel sets of negotiations which we hope will lead to further progress in East-West *détente*. Needless to say, they present an unprecedented opportunity for Canadian co-operation with the countries of Europe, and in particular with our fellow members of NATO, where consultation on the Western position in these negotiations is proceeding apace.

Canada is determined to maintain and strengthen its traditional ties with the countries of Western Europe. This policy will serve Canadian interests not only because of the direct benefits arising from improved bilateral relations with the individual countries but also because it will serve to underline our separate identity and offset somewhat the preponderant influence of the United States.

NATO provides a unique forum in the shape of the Council, where almost every day Canada has an opportunity to express its national point of view on policy matters of key importance to the European members as well as to the United States. Through our participation in the Council and the NATO committees, we have frequently found ourselves siding with the Europeans on issues where the views

and interests of the super-powers may diverge from those of the smaller and middle-size members of the alliance. There is no shortage of occasions when we have the opportunity to express a distinct Canadian point of view, whether this be in the Council at ambassadorial level or at the ministerial sessions.



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INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 73/13

CONFERENCE ON EUROPEAN SECURITY AND CO-OPERATION -- II

Statement in Helsinki on April 25, 1973, by the Canadian Ambassador to Finland, Mr. E.A. Côté.

Our meeting this morning follows a period of reflection which has enabled us to assess both the progress made and the work yet to be done before the Conference on Security and Co-operation in Europe can be called.

Our consultations so far lead me to believe that in Stage Four we shall be able to reach agreement on an agenda for the Conference, on the directives our ministers will give to the committees and sub-committees for their guidance during the conference, and on the organization and financing of the conference.

We believe that the main objective in this stage of our consultations is to agree on an agenda for the conference and on the directives to the committees and sub-committees. In our opinion, these directives and this agenda should be flexible and detailed enough to allow for a thorough examination of the questions the participating nations consider relevant to increased security and co-operation in Europe.

It is our firm conviction that a climate of *détente* in Europe can be achieved only through conscious effort on the part of the leaders and citizens in the various countries. We believe that, within the context of the laws of these countries and in conformity with universally-acknowledged tenets of human rights, there should be increasing and progressively freer exchanges of ideas and human contacts. It is well known that Canada is most anxious that the conference be able to discuss measures to be taken on a multilateral and gradual basis in order to reduce tension, fear and suspicion. Without wishing to depreciate in any way the value of official contacts between countries and formally-constituted organizations, we think that any discussions tending towards the uniting of families separated by national borders, any deliberations aimed at promoting better understanding among the citizens of different countries, and any measures favouring more widespread dissemination of information, can only serve the cause of increased understanding among men and *détente* among nations.

For these reasons we consider that the working group should apply itself resolutely to the problems remaining in the third category. Solving these problems to the satisfaction of all concerned will greatly contribute to the accomplishment of one of the major tasks we must face during the fourth stage in our consultations.

I should like to make one comment concerning the work to be undertaken this afternoon by the working group on finance and technical questions, following the happy initiative of our Polish colleague. I think we should bear in mind that, whatever decisions are taken for the organization of the conference itself, the expenses involved will be relatively great. In my view, it is therefore advisable for the group to seek a solution which will be the simplest possible, both in theory and in practice, and which will be fair to all participating nations.

As to the date of the conference itself, my country sees no objection to holding the first stage in late June, provided we reach general agreement here on the agenda and the terms of reference for the committees and sub-committees, and on the report to be conveyed to our governments. For our part, we shall attempt to achieve this objective constructively and actively, as our resources permit. In aiming for late June as the conference date, we must avoid making this deadline into an obsession or using it to force a consensus.

In conclusion, I think that the "scenario" proposed by our French colleague at the end of Stage Three of our consultations will serve admirably as a framework for the final report to our governments. We trust that the report will be prepared as soon and as well as possible, subject to the wishes of all participants.



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INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 73/14

BASIC PRINCIPLES OF CANADA'S CURRENT FOREIGN POLICY

An Address by the Secretary of State
for External Affairs, the Honourable
Mitchell Sharp, to the Canadian Press,
Toronto, May 2, 1973.

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One of my very distinguished predecessors as foreign minister, the late Mike Pearson, acquired an enviable reputation for working with the media. He was well known for the candour with which he spoke to the press, particularly in background briefings, but also in his more formal encounters with your representatives. But the world in which he operated was a much different one from that in which we are working today. Our relationships with other countries, and particularly with the United States, were, if I may say so, a good deal simpler than those with which we are concerned now. It was, of course, Mr. Pearson himself who, in the 1950s, noted and commented upon the ending of the days of what he described as our easy and automatic relationship with the U.S.A. Nevertheless, even ten years ago Canada's foreign policy might still have been roughly described, as it was somewhat earlier by a cynical young member of my Department, as U.K. plus U.S. over 2 (U.K. + U.S.).

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Moreover, international affairs was not a subject which appeared to touch directly upon the lives of very many Canadians, except when the prospect of global war threatened to involve us. Consequently, until relatively recently, the great majority of the Canadian people were prepared to leave the determination of these issues in the hands of a few foreign affairs "buffs" like you and me. In short, foreign affairs were things that concerned other people. Canada's own relationships seemed to be secure and tidy. We supported virtue in the United Nations and performed many useful functions throughout the world as a matter of duty, not of national necessity. This very satisfying role was largely made possible by the virtual absence of any serious problems in the international arena that directly affected the lives of Canadians simply because they were Canadians.

I should not like to suggest that at a certain hour on a certain day all this stopped and we suddenly realized that Canada's foreign interests could

no longer be adequately protected through multilateral activity and by relying on our special relationship with our great southern neighbour. Mike Pearson foresaw it and we began to see in practice that even Canada was not immune from having its own vital national interests in the external area, and that these could at times be quite different from those of the United States, or our NATO partners, or even from any grouping within the United Nations. As Canadians came to realize that they had a direct individual interest in what was done on their behalf outside the territorial limits of Canada, I discovered, when I took over this portfolio some five years ago, that not only the Canadian public but even some of my colleagues were taking an unaccustomed interest in activities that had traditionally been very largely the concern of my predecessors alone.

For example, the only promise made by the Trudeau administration in the election campaign of 1968 was to review our foreign policy and in particular our position in NATO and to negotiate for recognition of the People's Republic of China. After the election we set about fulfilling that promise.

Looking back five years, I am free to admit that we in the Government were a bit "ham-handed" in the way we handled the NATO issue, but it was fortunate that we made our mistakes early and had time to profit from them. The intention was clear: we wanted to involve the public in the decision-making process. We actively sought the views of the academic community, of Members of Parliament, of groups like the CIIA (Canadian Institute of International Affairs). We invited the House of Commons Committee on External Affairs and Defence to make a report. I personally spoke throughout the country explaining NATO and the terms for Canadian membership.

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In the end we reached a reasonable and acceptable decision to continue in NATO but to reduce the numbers of our troops in Europe.

In retrospect it would have been preferable to have given an early indication of the Government's thinking -- a sense of direction -- and to have avoided the impression of division and inactivity. To put the matter bluntly, we should have reached agreement in Cabinet, at least in principle, before seeking the reaction of the public. This, I suggest, is basic to our form of responsible government in a parliamentary democracy.

After that experience with handling the NATO question, we followed a different procedure. Recognition of the People's Republic of China was a case in point. From the outset, we declared our intention to negotiate to establish diplomatic relations with Peking and invited the reaction of the public. The negotiations with the Chinese were, of course, carried on in secret and the resulting agreement took a form that could not have been exactly foreseen. But there was never any doubt about our intentions, either at home or abroad.

These early experiences and the increased public interest in foreign affairs led the Government to attempt something unique -- the formulation of a set of basic principles underlying Canadian foreign policy. This finally emerged after months of preparation and debate within Cabinet in a series of brochures entitled *Foreign Policy for Canadian*. It was, I think, the first time that any *Canadian* Government, at least, had attempted to lay before the people of the country an

outline of the considerations that were involved in the establishment of their international priorities. It was the first time that any Canadian Government had said clearly and methodically how Canadian foreign policy was intended to promote Canadian objectives. May I add, parenthetically, that it was the first time in my ten years as a member of the Government that the Cabinet as a whole deliberately considered the basic lines of our overall foreign policy.

Foreign Policy for Canadians attracted a good deal of useful discussion but, more important, it helped to set this country on a course from which I doubt any Government will depart for a long time to come. As long as foreign affairs were something that could be taken for granted, and as long as the man in the street did not feel directly involved in these decisions, it was safe to leave discussions for editorial writers and public servants and, possibly, the occasional Cabinet Minister. The publication of *Foreign Policy for Canadians*, if it did nothing else, brought the genie out of the bottle and placed the arcane mysteries of foreign policy formulation under public scrutiny, for any who might wish to scrutinize. There could be no going back. Indeed, it became very clear, very soon, that we had to go forward.

The most common criticism of *Foreign Policy for Canadians* was that, lacking a separate booklet on Canadian-U.S. relations, it was like producing *Hamlet* without the Prince of Denmark. Without exception the press from coast to coast jumped on us. The erudite and not-so-erudite columnists had a field day. Where, we were asked, was the "missing" book? It had, I must confess, occurred to me and my colleagues that the absence of the book bearing this title would be noted. As I said at the time, the U.S. relationship permeated all other aspects of our foreign policy and the Government's view's on the relationship were to be found under appropriate headings within the individual books that had been published. While this was (and is) undoubtedly true, it became clear that it was not considered enough and, partly in response to these public attitudes, and partly because our relations with the United States had reached another juncture (I refer to the events of August 1971), it was decided to attempt to bring together a single statement of the general principles we think should apply to what must surely be the most complex -- and productive -- bilateral relationship existing in the world.

My Department had, in the meanwhile, gone into the publishing business itself in a modest way. The old External Affairs bulletin (properly *External Affairs: A Monthly Bulletin of the Department of External Affairs*) ... was superseded just over a year ago by a new publication called *International Perspectives*. This venture was something of a calculated risk. I gave instructions that it was not to shy away from controversial material merely because it was controversial -- that it was to be stimulating, to encourage debate, and to allow free expression of representative points of view, without regard to what the Government policy on the issue might be. We hired an experienced newspaper man on a part-time basis as editor to ensure that these instructions would be carried out.

I doubt if any other foreign ministries in the world have publications comparable to it. In any event, we used a special edition of *International Perspective* to present our three options for the future of Canada-U.S. relations and, in subsequent editions, we have published reactions.

In the paper on Canada-U.S. relations published last October in *International Perspectives*, ... the Government came out in favour of what has been termed the "third option". I confess that there were some misgivings in Government circles about opting for any particular direction in our relations with the United States. Why take a public position? Why not play it by ear? Why not leave all options open? Why give the Opposition something else to criticize? After all, it was argued, we have got along for years without any such statement of policy. Remember what that durable practitioner of the political art, Mackenzie King, once said: "I made only one memorable speech in my career and I always regretted it."

It was tempting politically to follow this cautious advice, but we finally came to the conclusion that a sense of direction had to be given to our relations with the United States. Economic integration with the United States as a direction of policy we ruled out as unacceptable to the Canadian people. The choice was then between continuing on a more or less *ad hoc* course, reacting to events in our great neighbour to the south, as we have been doing -- with some success -- or -- and this is the third option -- pursuing a comprehensive long-term strategy to develop and strengthen the Canadian economy and other aspects of our national life and in the process to reduce the present Canadian vulnerability.

Is this the right direction for Canada? This Government thinks so. But do the Canadian people? That question can only be answered if it is put before the people. That is what we have done, just as Prime Minister Trudeau opted for federalism and invited the people of Canada, in Quebec and elsewhere, to follow him....

Surely there is fundamentally the same rationale for giving a sense of direction to foreign policy, particularly in relation to a great friendly giant like the United States beside whom we want to live distinct but in harmony.

In the address to the Associated Press last week, Dr. Kissinger -- inadvertently -- underlined the very real significance of this third policy option to Canadians. First let me say that, because of our close ties with the United States and the members of the European Economic Community, Canada welcomes wholeheartedly what appears to be a serious and constructive effort by the United States Government to open consultations designed to redefine and revitalize the Atlantic relationship. There are inevitably questions about interpretation and implementation which remain to be answered -- but the approach recalls responses to earlier international crossroads: the Atlantic Charter, the Marshall Plan and the Canadian efforts when NATO was born to give the alliance political and economic as well as military significance. The Canadian Government has underlined on several occasions the inevitable interaction between developments on the economic and political fronts. While we continue to believe that consultations and negotiations on economic issues should take place in the appropriate multilateral bodies, we would agree with Dr. Kissinger that the broader association we have as members of the NATO alliance provides a convenient forum for developing a measure of political understanding on the broader perspectives of our individual national policies. I have myself used the NATO forum on several occasions to make this point. The importance of the trading relationships between Europe, Japan, Canada and the U.S.A., as well as the needs of the developing countries, will all be prime issues at the negotiations in the new GATT round starting this year. They will also receive attention in the continuing discussions in the OECD in Paris, where the countries mentioned by Dr. Kissinger are well represented. Canada's participation in and support for these

efforts to liberalize trade has been steadfast and unreserved. We agree that NATO should continue to function as an instrument of collective defence. Like the United States, we see NATO's collective strength and the present situation of strategic parity as opportunities for developing a basis for political *détente* with Eastern Europe.

Thus I can assure our friends to the south that the Canadian Government views Dr. Kissinger's speech in its broad outline as a welcome reaffirmation and redefinition of an outward-looking and responsible American foreign policy.

But, looking at it from a Canadian perspective, as I must do, there is a potentially disturbing feature, and this may be as much a feature of our polarizing world as of Dr. Kissinger's address. And that is: where do Canadians fit into the developing pattern? Dr. Kissinger has identified three main power centres in the non-Communist world -- the United States, Europe and Japan. While we have no illusions about being declared a fourth power centre, we think we have a distinctive contribution to make and we don't want to be polarized around any of the main power centres.

We can take some comfort from the fact that, in his speech, Dr. Kissinger called on Canada along with Europe and, ultimately, Japan to join the United States in working out a new Atlantic Charter. To that call I have no hesitation in saying we will respond most willingly, the more so because it is within such a framework that Canada will have the best chance of avoiding polarization and of achieving the diversity in our economic, cultural and political relations that is fundamental to the strengthening of the Canadian identity.

This is exactly the sort of issue which I would like to see fully and vigorously debated by the press. We will need clear heads and wise judgments as this debate proceeds -- and the press has an important contribution to make.

Even with these issues properly identified and policy direction given, decisions have still to be made on the individual questions that present themselves almost daily in relations between Canada and the United States, questions about trade, about exchanges of energy, about cross-border investment, about industrial policy, about broadcasting policy. And, as our study of Canada-United States relations points out, that pursuit of the third option "does not seek to distort the realities of the Canada-United States relationship or the fundamental community of interest that lies at the root of it".

When the question of Canadian participation in the International Commission of Control and Supervision in Vietnam was first broached, it seemed to me that here was a question with which large sections of the Canadian public were passionately concerned. Many of us had our own points of view, but there were also a large number of peripheral considerations to be taken into account. However, Canada was not itself directly involved in the negotiation and the need for confidentiality was secondary, in my opinion, to the need of keeping the public informed. If people tell you things in confidence, you cannot make them public the next day. But, to the extent that we were dealing with Canadian responses, I decided that at every new turn of events the Canadian public would be kept informed of what had happened and what the Government proposed to do next. I even tried, with only partial success I regret to say, to enlighten the opposition parties by offering them a chance to see for themselves what was going on in Indochina. Naturally, I was very pleased to see that the general lines we were following commanded a wide measure of approval and this became a source

of great comfort to me in making the decisions as they became necessary. Unless we had taken the public into our confidence we should never have known its response.

Among the details of the proposed arrangement, we learnt that the anticipated Commission would operate on a rule of unanimity. As the Prime Minister had said on this subject, Canada did not intend to be frustrated by such a rule. It became clear that we would have to find a way of applying our policy of keeping the public informed of the operations of the new Commission when it came into existence. Thus, to try to offset the worst features of the rule of unanimity, we first tried to have the International Commission of Control and Supervision in Vietnam act not as a negotiating body where the rule of confidentiality would be essential but as an international forum where all the facts and all the points of view of the parties concerned would be placed publicly on the record for all to see. We were not able to persuade our colleagues in the ICCS to go along with this, so we determined that at least Canada's position would be a matter of public record. Accordingly, I instructed the head of our delegation that he should, to the best of his ability, see that Canadian positions taken in the Commission were publicly available. This has become known as the "open-mouth policy"....

It is, I think, a somewhat new departure. It is, of course, subject to the law of diminishing returns and can be a strain on our bilateral relations with other countries involved who may not share our own view of what can legitimately be put in the public domain. Nevertheless, it has served a useful purpose during the formative period of the Commission's life and will no doubt continue to be of use for the immediate future. But it will not transform the sow's ear into an elegant silk purse.

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STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA



No. 73/15

THE MAJOR CONCERNS OF CANADIAN FOREIGN POLICY

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the House of Commons Standing Committee on External Affairs and National Defence, May 15, 1973.

The purpose of this statement is to provide a short background account of some of the major preoccupations and activities of the Department of External Affairs and of CIDA (the Canadian International Development Agency) by way of a prologue to the discussions on estimates.

It has become fashionable recently for foreign-policy analysts and foreign ministers, including myself, to report the end of the postwar era of international relations, the emergence of new power centres, and a new pattern of relationships contending with a new and increasingly complex range of problems. However, the nature of these changes is of such a magnitude and relevance to the tasks of External Affairs and CIDA that they bear highlighting to this Committee.

A new constellation of international relationships has emerged in which power is likely to be more widely diffused. The new centres of gravity are, of course, the EEC, Japan and China. Almost every major area of the globe is profoundly affected by the changes.

In Europe the enlargement of the EEC has underscored the economic and political cohesion of that region. *Détente* is very much on the move. Chancellor Willy Brandt's *Ostpolitik*, the opening of substantive discussions on European security and MBFR, the Agreement on Berlin and the initial SALT understanding are contributing to a less abrasive and potentially more productive political climate.

In Asia, the changes are no less significant -- determined negotiations have brought increased, but by no means certain, prospect that a generation of tragic conflict in Vietnam may come to an end. The continuing emergence of China into the world, the consolidation of Japanese influence, and the radically altered relationships between the United States and China, on the one hand, and between China and Japan, on the other, have fundamentally altered the complexion of that area. These developments, in turn, are changing and expanding the importance of the "Pacific Rim" to Canada.

Apart from the renewed and regrettable escalation of violence, the most striking development in the Middle East is the growing importance of that region's oil reserves to a world increasingly preoccupied by the prospect of energy shortage and associated balance-of-payments questions.

All of these changes have significant implications for Canada, providing both challenges and opportunities which must be met with skill and imagination.

The most rewarding and, at the same time, the most exacting of our relations are, of course, those with the United States. In response to growing Canadian concern that vital decisions affecting the evolution of our relations with the United States must be examined, not simply in terms of their short-term economic implications but of their long-term meaning for Canada's political, cultural and economic destiny, my departmental officials and I embarked upon a comprehensive assessment of our relationship with our neighbour. Our central task was to determine whether "it is possible to devise a means of living distinct from but in harmony with the United States". This study, published last October in *International Perspectives*, revealed three broad paths or options open to us:

- (1) We could seek to maintain more or less our present relationship with the United States with a minimum of policy adjustment.
- (2) We could move deliberately toward closer integration with the United States.
- (3) We could pursue a comprehensive, long-term strategy to develop and strengthen the Canadian economy and other aspects of our national life and in the process to reduce the present Canadian vulnerability.

The first option involves a minimum of deliberate policy change, maintaining more or less intact the present pattern of our economic and political relationship. However, this option assumes a static situation which does not exist.

The second option accepts the proposition that the intensifying relationships inherent in modern society and in economies of scale tend to generate a momentum for closer integration with the United States. However, to pursue such a course would be to ignore the enormous disparity in power between the United States and Canada. In our circumstances, the process of economic harmonization, once in motion, is more likely to spill over and to dominate other areas of our national life.

A central purpose of the third option would be to make the Canadian economy more resilient to external shocks. The path to this objective is the development of a much more balanced and efficient economy. The option involves actively encouraging specialization and rationalization. It looks to the emergence of healthy industrial and service enterprises in Canadian hands. This course seeks to avoid the situation, in which by dealing with bilateral

questions on an *ad hoc* basis, looking only to their immediate implications, we find ourselves integrated by default. The third option faces up squarely to the future of our relations with the United States -- and appears to offer the only route by which Canada can live "distinct from but in harmony" with the United States.

The Government has given these options and their probable costs long and careful consideration, and has concluded that the third option offers the best choice for Canadians and one that increasingly reflects the mood of this country.

This option does reflect our anxieties about the degree of "continental pull". But it is not anti-American. Policies designed within the general framework of this option are intended to meet Canadian aspirations, to build on Canadian maturity and confidence, and in so doing reduce the irritations and frustrations which sometimes find outlet in anti-Americanism. In its annual report, the State Department has indicated qualified but generally sympathetic understanding of the "options paper".

In the sense that this policy is intended to produce a more resilient and mature Canadian economy, it is likely to become a more effective stabilizing factor within the continental context. The alternative is, as I have made clear, increasing integration. Increasing integration can only strengthen the protectionist forces which are abroad, with consequent dangers to both economic and political stability in the world at large. Over the long run, Option Three is in the best interest of both our countries.

I have set out in very abbreviated form an outline of a most important policy guideline, involving many complex issues and implications. As its significance and the considerations underlying it may not yet be fully appreciated, this is an area which Members may wish to explore in greater detail.

A logical complement to Option Three is increased attention to the development of our existing links with other major areas of the world. The enlarged European Community is, of course, a primary focus. Our day-to-day contacts with the Community have been reinforced by the appointment in Brussels of a separate ambassador responsible for our relationships with the European Communities. In the past year, there has been continued high-level contact with the Commission and with governments of member states. A mission of senior officials visited major European capitals in June 1972. There have been sustained ministerial visits between the EEC and Canada, and, of course, the Prime Minister held talks with Mr. Heath in Britain last December. These contacts reflect not only the increasing importance to Canada of the enlarged EEC but also the growing reciprocal interest of the countries of the Community in Canada.

The ratification of the Berlin Agreement and of the Warsaw and Moscow treaties concluded by West Germany, Poland and the U.S.S.R. were highlights of the political year in Europe. However, of perhaps greater potential significance for Canada was the opening in November of talks in Helsinki between the ambassadors of 34 nations -- those of Europe, with Canada and the United States -- with a view to preparing for a full-scale Conference on Security and

Co-operation in Europe. The participants in the first comprehensive negotiations on European security in a generation intend to address themselves to the basic causes of division and tension in Europe. The Canadian Government, in particular, is seeking to have the conference recognize the general principle that people should be able to move with greater freedom between countries and the related propositions that members of families should not remain unwillingly separated and that citizens of different countries should be able to move freely.

Détente as a principal objective would require a meaningful reduction of the present confrontation of forces in Central Europe. For this reason, Canada welcomed the opening of talks in Vienna on Mutual and Balanced Force Reductions in early January. The main participants are the countries of NATO and the Warsaw Pact which maintain forces in Central Europe. The negotiations are complex and difficult. However, in addition to the central objective of progress in East-West *détente*, the parallel negotiations present opportunities for Canadian co-operation with the countries of Europe, and in particular with our partners in NATO.

Over the past year Canada and the Soviet Union have begun to draw benefits from the three agreements on industrial and general exchanges and on consultations signed in Moscow during the Prime Minister's visit the previous year. High-level discussions under all three agreements were held. A senior Canadian delegation visited the Soviet Union to renew the existing Canada-Soviet Trade Agreement and to establish a Joint Consultative Committee on trade which held its first session following the renewal of the agreement.

Sino-Canadian relations have developed rapidly since 1970 -- indeed, remarkably, considering the enormous gap to be bridged. In the last year, ministerial visits -- my own last summer and that of the Honourable Donald Macdonald, who has just returned from China --, trade and cultural exhibitions, together with an almost continuous stream of visits by specialized delegations on both sides, have contributed to a swiftly improving atmosphere for the development of productive contacts. Exchanges in cultural, academic, scientific, athletic, as well as in industrial and commercial, fields are flourishing in this climate.

A conscious effort is required to encourage Japan to play a more positive political role in the world commensurate with its economic strength. At the same time we have been attempting to "politicize" a bilateral relationship which has, in the past, been too narrowly commercial by increasing and deepening consultations in a wide variety of fields. Canadian ministers have accepted a Japanese invitation to attend the seventh Canada-Japan ministerial meeting this September in Tokyo.

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Latin America is probably closer to economic take-off than any comparable region of the Third World. As this evolution gathers momentum, Canadian interests are increasingly engaged. This last year Canada's first ambassador and permanent observer to the OAS was accredited to that organization and full Canadian membership established with the Inter-American Development

Bank and the Inter-American Institute of Agricultural Sciences. Members who heard the President of Mexico address the joint session of Parliament last month will know that useful progress has been made in the strengthening of our relations with Mexico.

Senior officials of the Commonwealth met in Ottawa in October to discuss and prepare two subjects for consideration at the forthcoming Heads of Government Meeting in Ottawa. The subjects were "Comparative Techniques of Government", suggested by the Prime Minister at the last Heads of Government Meeting in Singapore, and "means by which the agenda and general procedures might best restore flexibility and informality to future heads of government meetings".

Participation in *francophone* activities has also been active with programs of the Agence de Coopération culturelle et technique developing steadily. An example on Canadian soil was the meeting of scientific experts which was organized by the Agency in Ottawa in October to recommend the establishment of a network of exchanges of scientific information among *francophone* countries.

Canada's deep interest in environmental problems expressed itself in the active and fruitful participation of a delegation consisting of representatives from federal and provincial governments and non-governmental organizations in the United Nations Conference on the Human Environment held in Stockholm in June. This was undoubtedly one of the most significant conferences in United Nations history and Canada's contribution to its success has been given full international recognition. The proclamation of the Declaration on the Human Environment and the adoption of a United Nations action plan are of vital concern and embody many Canadian proposals to protect and enhance the quality of the environment. Principles were developed which lay a basis for a legal regime for the prevention of marine pollution and the preservation of the marine environment.

Another example of Canada's active concern in this area was the meeting last month in Ottawa of the NATO Committee on the Challenges of Modern Society -- the first such meeting to be held away from NATO headquarters. The environmental experts and policy-makers from NATO countries who attended this meeting judged it a considerable success.

Among other noteworthy Canadian contributions is the offer, since accepted by the United Nations General Assembly, to host a major United Nations Conference/Exposition on Human Settlements in Vancouver during 1976.

In November 1972, an intergovernmental meeting was convened in London pursuant to a Stockholm recommendation to elaborate a convention on the prevention of marine pollution by the dumping of wastes at sea. Canada played a leading role in the preparation of this convention, which provides effective controls for the prevention of pollution from this source both in environmental and jurisdictional terms. Canada has signed the convention and is considering early ratification of it.

Canada is heavily involved in preparations for the Third Law of the Sea Conference. The major Canadian objective involves a significant revision of the law of the sea, in particular the development of new legal regimes for the effective management and exploitation of ocean resources by coastal states,

including the establishment of new regimes in relation to fisheries, pollution control, scientific research and exploration and exploitation of the seabed beyond the limits of national jurisdiction. Canada is similarly involved in preparations for a conference on marine pollution, which will take place in October this year under the auspices of the Intergovernmental Maritime Consultative Organization (IMCO). The purpose of this conference is to develop new measures for the prevention of pollution from ships.

On the administrative and budgetary side of the United Nations, the most important development was the agreement that the share of the maximum contributor should not be more than 25 per cent. Canada supported the United States' move for the reduction in its rate of contribution and worked to gain support for it.

We have welcomed the outcome of the negotiations which will make it possible for the Federal German Republic and the German Democratic Republic to join the United Nations. We have also supported the application of Bangladesh to join, as well as its adherence to several Specialized Agencies.

Last December, the United Nations General Assembly adopted a resolution establishing a 35-member *ad hoc* committee on international terrorism, which will meet for the first time this summer. The Government of Canada has been invited to serve on the committee, where we intend to express the view that the Government of Canada, while believing that the underlying cause of terrorism should be studied, considers that the study should not delay the taking of immediate measures to prevent acts of international terrorism.

Since April 1971, Canada has been pressing for a new convention which would create effective international machinery for investigating, determining fault and taking "joint action" in cases where states contribute to a threat to the safety of civil aviation. Many states, for political or constitutional reasons, have been unwilling to go as far in taking joint action as provided in a Canada-U.S. draft convention. The ICAO Council, however, has decided to convene this summer, in Rome, a diplomatic conference and simultaneous extraordinary ICAO Assembly, to consider proposals involving either a new convention or amendments to the ICAO constitution, including a Nordic proposal for a new international convention, which in some respects is similar to the stronger Canada-U.S. proposal.

As Members are no doubt aware, we have signed the Canada-Cuba Hijacking Agreement, which, with its U.S.-Cuba counterpart, should serve as a potent deterrent to potential North American hijackers.

In the past year we have opened missions in Lusaka, Budapest and Atlanta, and have reopened our mission in Berlin.

One purpose of these and of most of our missions abroad is to serve the growing number of Canadian travellers. The volume of passports issued rose by 17.4 per cent in 1972 for a total of over half a million. To keep pace with the increasing demand for passports and to provide better services in the area, two new regional passport offices were opened in Edmonton and Halifax early in

1972 and one more will open in Winnipeg in June 1973. In addition, in 1972 the Department introduced the booklet *Information for Canadians Travelling Overseas*, which is being distributed to all passport applicants. The information in this booklet will be revised annually.

I have long felt that it is important for my Department to be as forthcoming as is reasonably practicable to the public and to Parliament. A notable example of the progress we have made in this field is the publication, which began last year, of *International Perspectives* replacing the old monthly bulletin, *External Affairs*. The purpose of this new publication is to stimulate and encourage debate and to allow free expression of representative points of view without regard to our own policy on the issue.

Canada's development-assistance program is an integral and important part of its overall foreign relations and one which has been steadily evolving. Development is not something taking place in what we refer to as "developing" countries but a process we are all involved in as individuals and as nations. Development is a matter of degree and the pattern of development one of national preference. All countries are "developing", economically and socially; all countries have "underdeveloped" areas. We can no longer assume that the industrialized countries have reached some plateau of progress from which knowledge and assistance is dispensed to those struggling to reach our level. Our role is not to impose our methods and preferences on other countries but to assist them where our capabilities and their needs coincide. Development assistance is being recognized increasingly as a reciprocal and responsive process. If we are prepared to be innovative, we can gain much knowledge from the development-assistance relationship.

Development assistance is in the Canadian interest. We cannot exist in isolation, and our life is enriched by contact with other cultures. There are also specific Canadian interests which benefit from the development-assistance program. The program can provide an impetus to Canadian exports and employment but the primary objective remains the economic and social development of the less-developed countries.

Turning to the CIDA estimates for 1973/74 which are before you today, I would like to draw a distinction between the level shown in the estimates for the total program and what we term official development assistance (ODA). The appropriations for the total program include the operating costs of CIDA and contributions to superannuation accounts; ODA does not. Secondly, appropriations for the total program include votes to finance over a period of years the purchase of shares in multilateral institutions, such as the votes of \$40.4 million and \$7.575 million in 1972/73 to purchase shares of stock in the Inter-American Development Bank and the Asian Development Bank; ODA, on the other hand, includes only the installments committed for that year from past or present votes. The level of appropriations for 1973/74 is \$501.696 million, compared to \$483.366 million in 1972/73; ODA for 1973/74 is \$565 million, compared to \$491 million in 1972/73.

In 1972/73 our disbursements were \$449 million, a satisfactory increase of 21½ per cent over last year's figure. Total figures such as this, however, can give no measure of the effectiveness and quality of our program, or of the new directions we are taking.

One feature of our program of which Canada can be proud is that the terms of our development assistance, by the standards of the Development Assistance Committee of the OECD, are the "softest" of any member of the DAC. Many of the less-developed countries will face serious debt-servicing problems in the future. Some already have. With an increasing emphasis being placed in the Canadian program on the special needs and problems of the least-developed countries, we feel it is important to maintain the soft terms for the major part of our program, while at the same time extending some of our loans on slightly harder terms to countries which are better able to bear the burden of debt-servicing.

We have been called upon to help alleviate the effects of natural disasters and political crises: in the Indian subcontinent, where our relief and reconstruction efforts continue; in Nicaragua, where Canada is helping to rebuild the shattered city of Managua; in Zambia, where Canada responded to Zambia's needs in the wake of the Rhodesia border closure by providing an \$8-million loan to Zambia, Tanzania and the East African Community to help develop alternative routes for Zambian imports and exports, and by speeding up shipment of 40 rail tank-cars, and cargo-handling equipment being provided under CIDA's regular program.

In 1972/73 we continued to channel approximately 25 per cent of our disbursements through multilateral channels, as the foreign policy review recommended. Our recent membership in the Inter-American Development Bank is one indication of our growing support for multilateral institutions. We also maintained our support of other regional institutions and agencies; the list on Pages 72-73 of the estimates gives some indication of the variety of organizations with which we are involved.

Our support for non-governmental organizations is increasing, for we consider that the money provided by the Canadian Government is more than matched by the resources and enthusiasm of these organizations. One such organization is CUSO (Canadian University Service Overseas), which has won a well-deserved reputation abroad for providing competent and responsive volunteers. Their volunteers, when they return to Canada, bring a deeper understanding of the problems of development.

Perhaps the most important single event which focused the attention of the international community on development questions was the third United Nations Conference on Trade and Development in Santiago last spring. Development needs are great and expectations about the amount of progress which can be made at such conferences were probably unrealistically high. For these reasons, there was obviously disappointment both in Canada and abroad over the results of UNCTAD III. We felt, however, that UNCTAD III revealed a new maturity in the international approach to development problems and a better appreciation that there are no easy solutions to most of them. One of the most important results of the conference was agreement that the developing countries' voice should be strengthened on questions regarding trade liberalization and monetary reform, since it was realized these were integral parts of the development process. Another important result of the conference was the action program set out for the least-developed of the developing countries. Since the conference, there has been movement in the international community, indicating that these results

may have real and long-term positive impact on the developing countries. Canada is attempting, not only through its development-assistance programs but also through its action in the international trade and monetary spheres, to keep the interests of the developing countries clearly in mind and to participate actively with other countries in meeting the goals established by UNCTAD.

Canada, of course, plays a relatively minor role in these global questions and the percentage of Canada's total trade with developing countries is quite small. Very recently, however, Canada has taken further steps by passing legislation on the generalized preference scheme and by supporting the establishment of the Committee of 20, which is intended to give developing countries a greater role in international monetary reform. We also welcome the fact that developing countries are participating most actively in preparations for the forthcoming GATT negotiations. These are first steps, and it should be stressed that the broader problems of relations between all industrialized countries and the developing countries must be faced in the coming years.

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Statements and Speeches

No. 73/16



CANADA WITHDRAWS FROM THE ICCS

A Statement in the House of Commons by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, May 31, 1973.

Speaking in the House on March 27, I said that the Government had decided to extend Canadian participation in the ICCS until May 31 and that before that date the Government would decide whether to remain or to withdraw.

At that time I said...that we would withdraw our contingent by June 30 unless there had been a substantial improvement in the situation or some signs of an imminent political agreement between the two South Vietnamese parties.

The decision is a serious one and the Government so regards it. Canada has a reputation, I believe, for responsibility in international affairs. We have served in more peacekeeping and peace-observer roles than any other country and we remain ready to serve wherever we can be effective. We have also, in the course of this varied and extensive experience, including 19 years in Indochina, learned something about the conditions that are necessary to success in peacekeeping and peace-observer activities.

The House will recall the efforts that the Government made to establish conditions which would help to improve the prospects for the successful functioning of the International Commission of Control and Supervision provided for in the Paris agreement on Vietnam. I shall not repeat them now. The record of Canada's approach to the question of participation in the ICCS up to the end of March 1973 is to be found in a White Paper that I shall table at the conclusion of this statement.

Stated briefly, what we sought to ensure was that the new International Commission would be an impartial, fact-finding body, supported by the parties to the peace agreement, with sufficient freedom of access to enable it to ascertain the facts about any alleged breach of the agreement and reporting quickly not only to the parties to the agreement but also to the international community as a whole. While we did not achieve all our purposes, I think it is fair to say that we helped to effect some improvements, at least in form.

What we could not ensure, and what the ICCS could not ensure, was peace in Vietnam. That depends on the parties to the peace agree-

ment and not on the ICCS. Nor can Canada alone ensure that the ICCS fulfils its function of peace observing and reporting as provided for in the peace agreement. That too depends on the parties to the agreement and on the other member delegations of the Commission.

Notwithstanding our hesitations and doubts, we accepted membership for a trial period of 60 days. At the end of that first 60 days our hesitations and doubts had been reinforced but we were urged by many countries to show patience. So we agreed to another two-month period which is now coming to an end.

By and large, there has been no significant change in the situation that would alter the view we formed at the end of the first 60 days, notwithstanding the strenuous efforts of the Canadian contingent to support the functioning of the International Commission.

Let me repeat that our attitude results from Canadian experience in the old ICSC and the Canadian conception of the functioning of a peace-observer body. We are not criticizing the peace agreement. We welcomed that agreement; we regard it as a good agreement that provides as sound and honourable a basis for peace as was negotiable. If the parties will set themselves to applying it, as we hope they may yet do, it can bring lasting peace to Vietnam. We hope that the efforts of Dr. Kissinger and Mr. Le Duc Tho to achieve a stricter observance of the agreement will be crowned with success.

We have come to the conclusion, however, that the Canadian conception of the functioning of the International Commission has not been accepted and that it would be in the interest of all concerned if we were now to withdraw. Nor do we believe that Canadian withdrawal would have any significant effect upon the prospects for peace in Vietnam. That depends upon the parties to the peace agreement and not upon the ICCS. It is only if the parties are co-operating in a strict observance of the agreement and are willing to use the ICCS as a means of reinforcing the agreement that the Commission can perform its function with any hope of success.

Throughout our tenure on the ICCS, we have sought above all else to be objective. We have represented none of the contending parties. We have been as insistent in calling for and participating in investigations of alleged violations by the United States and the Republic of Vietnam as we have with regard to alleged violations by the Democratic Republic of Vietnam and the other South Vietnamese Party. If the RVN or U.S.A. has been at fault, we have said so. If the other parties were to blame for cease-fire violations, we also have said so. I assure the House that we have no need to listen mutely

now or later to any charges that we have acted partially; we can be proud of our objectivity in the Commission and of our attempts to see this impartiality as an integral part of Commission activities.

I also said, in my statement to the House on March 27, that Canada would be prepared to return to Vietnam to participate in the international supervision of an election clearly held under the terms of the Paris agreement and therefore with the concurrence and participation of the two South Vietnamese parties. It went without saying that our participation would not be necessary if a replacement were found for Canada on the ICCS. I am not convinced that there is much chance that an election will take place as provided for in the agreement but, if it should (and we should want to examine it carefully to make sure it was this kind of election), and if no replacement had been found for Canada, we should consider sympathetically a request to return temporarily to the ICCS for this purpose, in the light of the circumstances then prevailing and our assessment of the chances for effective supervision.

The peace agreement itself anticipates the replacement of the named members of the ICCS -- Canada, Hungary, Indonesia and Poland -- or any of them. I have also said that we should be prepared to remain on the Commission until June 30 so that a replacement could be found. We have since learned that the discussions which took place recently between Dr. Kissinger and Mr. Le Duc Tho will be resumed in June. We want to give those discussions every chance of success and we would certainly wish to do nothing that would complicate them in introducing what might seem to be too short a deadline for agreeing on a replacement for Canada on the Commission.

In recognition of that possible difficulty, we are prepared, if the parties to the agreement so wish, to stay for a period beyond June 30 but not later than July 31. Canada's decision to withdraw is firm and definite, but the additional flexibility should give the parties adequate time to find a replacement for the Canadian delegation. Should a successor be named and be ready to take its place before July 31, we should, of course, be prepared to hand over our responsibilities at any mutually-convenient earlier time. We shall, of course, continue to function as we have been doing during the remaining period of our stay on the Commission.

In conclusion, I should like to pay tribute (and I know I speak for all members of the House of Commons) to Ambassador Gauvin, Major-General MacAlpine and all the members of the Canadian delegation now in Vietnam and to their predecessors going back to 1954. Notwithstanding great frustration and serious risks, they have carried high the flag of Canada; for some it has cost them their life. Those who

now will be returning to Canada can have the satisfaction of knowing that they did all in their power to help in bringing peace to the war-weary people of Vietnam. It was our delegation that carried the main burden of organizing the work of the Commission and whatever success the Commission has had can, in a large measure, be attributed to their professional competence, dedication and energy.

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Statements and Speeches

No. 73/17

TOWARD THE SECURITY AND WELLBEING OF THE INTERNATIONAL COMMUNITY

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Conference on Security and Co-operation in Europe, Helsinki, July 4, 1973.



I should like first to echo the words of gratitude expressed by previous speakers for the meticulous arrangements which have been made for us here by our Finnish hosts. The warm reception we have all received is in the best traditions of Northern hospitality. We are also in debt to Finland for their patient efforts and material support, which were instrumental in helping to organize and carry through the preparatory consultations to a successful conclusion over many months of meetings.

Our ambassadors at those consultations did their job well; their careful labours have produced mandates which carry the consensus of all the participants. Given the kind of goodwill now being expressed there are reasonable prospects this conference can produce results of enduring value.

Not only have the preparatory consultations produced a useful document, they have also taught us certain lessons about this new form of negotiation by consensus -- lessons that will be of value in the later stages of the conference. The first lesson is that the road to success is to be found through serious and detailed negotiations accompanied by a willingness on all sides to approach difficulties in a spirit of accommodation rather than confrontation.

The second is that there can be no artificial time-limits or other constraints; if representatives of sovereign states seeking greater security and co-operation are forced to rush to their conclusions, the inevitable result will be agreement at the minimum level. With such a result everyone would lose. Our objective should be not quick results but the greatest positive content in the documents that will emerge from this conference.

The third lesson is that negotiations of the kind in which we are engaged cannot be isolated. They form part of a general process of improving relations -- a process which includes other multilateral negotiations and also bilateral contacts. Notable in this respect are the Strategic Arms Limitations Talks and the agreements reached recently by Mr. Nixon and Mr. Brezhnev. We also welcome, in particular, the recent decision to open negotiations in Vienna on

October 30 on mutual reduction of forces and armaments and associated measures in Central Europe. Progress in one set of negotiations ought to, and no doubt will, have a favourable effect on the others as they move ahead together in the same general period of time.

We are laying the groundwork for a new kind of world -- a world which should be better than the one we have known. This is cause for encouragement, even though the challenge is daunting. But ours is only a beginning. The document before us has, in all conscience, been difficult enough to prepare, but it provides only a framework for the second stage of this conference and is not by itself any guarantee of a successful outcome. It has already been pointed out that the mandates are not final formulations. But they embody agreed concepts and express a basic balance among the interests of the states participating in this conference. As such, they form an acceptable basis for the elaboration of more detailed and substantive documents. The course which has been set is a good one; we should keep to it.

As I see it, we are assigning two principal tasks to the second stage of the conference: *first*, to establish guiding principles for future co-operation and negotiation -- both multilateral and bilateral -- in each area of the agenda; and, *second*, to work out ways and means of putting these principles into practical application. Both these elements must be present if the work this conference will do is to be meaningful for the peoples for whom we speak.

Let me now indicate briefly how Canada views the mandates and the tasks that are to be assigned to the second stage. Under the first item of the agenda, the main task will be to enunciate principles that should guide relations among states. Such principles can provide an important basis for future security and co-operation, not only in Europe but more widely in the world. Canada has a direct interest in this item because it regards Canadian security and European security as interdependent. I heartily agree with previous speakers that fundamental to all such principles is the proposition that the use or threat of force must be ruled out completely in relations among all states, regardless of their political, economic or social systems. A corollary is that national boundaries and territories should be inviolable and that disputes should be settled by peaceful means. At the same time, nothing we propose should deny or exclude the possibility of peaceful change. Evolution is in the nature of things. The history of the world provides plentiful evidence that man-made efforts to prevent it may well be not only futile but, indeed, dangerous to future peace and stability.

Canada has been encouraged that one of the mandates calls for the preparation of proposals for confidence-building measures. The least the world can expect of us is that, in our search for greater security, we define measures to enhance confidence and to lessen the risk of military surprise or miscalculation.

In its discussion of economic co-operation, the conference should have regard to the wider context of multilateral trade negotiations and discussions on monetary reform taking place elsewhere. This conference should not, in our view, engage in negotiations on these matters. It will, however, be a place where we can give support to the idea of removing barriers to trade, which can, in turn, facilitate other forms of co-operation and exchange. Canada has always encouraged trading nations to be outward-looking and to avoid discrimination in trading matters. It will continue to urge all countries, and particularly the states participating in this conference, to approach trading relations not only among themselves but with the rest of the world in this spirit.

As we seek to improve our relations in the economic, technological and environmental fields, we should not forget our responsibility to the developing countries. As we advocate action and co-operation that would result in increases in the wealth and welfare of our peoples, we should bear in mind the need to extend these economic benefits to those countries in the world less well endowed. Fortunately, there is no inherent contradiction between these two objectives. They are complementary, not competitive.

For the future, it is our view that it would be inadvisable, especially in the field of economics, were the conference to try to duplicate the work of existing bodies. There are already organizations competent to deal with matters falling within this field and they should be used to the maximum. Certain aspects of our economic relations may not fall neatly within the ambit of one or other of these institutions, and it may prove necessary to revitalize other organizations already in possession of a great deal of relevant experience to fill the gaps. I have in mind in particular the Economic Commission for Europe. Canada is seeking full membership so that we may play our full part in any tasks the conference may consider appropriate for that body.

I now turn to an area in which Canada expressed particular interest at the preparatory talks -- that of co-operation in expanding contacts between people and in solving humanitarian problems. Without improvement in human contacts and relations of all kinds, the work that we shall do here and in Geneva will have limited practical effect and little meaning for our peoples. More normal relations and

expanded co-operation should not only involve governments and official bodies but should also extend to the level of person-to-person contacts.

We in Canada believe, and we think it reflects the views of humanity as a whole, that members of families should not remain unwillingly separated because they reside in different states and that citizens of different countries should be able freely to marry and join their spouses. While we recognize that specific cases must, of necessity, be dealt with on a bilateral basis, the enunciation of principles and the adoption of concrete measures on divided families and like problems would, we believe, substantially improve interstate relations.

Canada attaches the highest importance to this question of freer movement, not only because of the composition of the Canadian population but also because we believe that progress depends more on putting these principles into effect than on repeating accepted norms. This question is, in many ways, the touchstone of the success of the conference. If we can achieve gradual but meaningful progress in removing barriers to the movement of persons and information, we shall be well on the way to achieving our goals -- creating the mutual understanding and confidence necessary for any enduring security and co-operation....

All of us, I am sure, are already thinking of what may follow a successful conference. On this subject we in Canada have an open mind. As the negotiations proceed over the next months, we shall be able more easily to reach a judgment on whether any follow-up machinery will be justified, and if so, what. If it is eventually decided that such machinery should be created, Canada's chief preoccupation will be to ensure that it will have clear and precise terms of reference, will not duplicate existing institutions and will provide for full participation by Canada and the United States of America as well as by all European states. The security of North America and Europe are interdependent. So are their economic and cultural future, and our common participation in this conference and in any follow-up to it will be essential.

This is a historic moment because it is the first time the foreign ministers of all (or practically all) the states of Europe have assembled, in company with Canada and the United States of America, to work out ways of furthering their common interests in greater security and wider co-operation. This occasion reflects in a tangible way that interdependence of Europe and North America of which I have spoken and which is such an important fact of international life for Canada in particular.

We are in the course of initiating a new kind of negotiating process in which decisions are taken by consensus of all the participants, large and small, aligned and non-aligned -- a process by which each shares responsibility for their implementation, where no state or states, because of size or power, can dictate the outcome.

In this new approach in which we are all engaged, we shall be creating new kinds of relations in Europe that will influence significantly the shape of developments on this continent and in our countries over the coming years. In so doing, we have before us a basic question: Will the principles that we shall be drawing up be based on the mutual hostility and distrust of the past or on a growing degree of mutual tolerance and confidence? Co-existence may be peaceful in purely physical terms but can be warlike in psychological terms. Devotion to one's own system or ideology need not and should not imply a commitment to convert others or to force them unwillingly to follow ideas in which they do not believe.

Détente implies not the removal of differences in systems and ideologies but their mutual acceptance and accommodation in the interests of greater co-operation, freer movement and more open communications among people as well as states. Competition yes, but antagonism no. Only in this way can the division of Europe be overcome.

There must be a broader and more dynamic conception of co-existence of people as well as states, of ideas and ways of life, as well as of regimes and systems. How otherwise can they enrich one another and promote the ideals of mankind? Otherwise we shall have only uneasy existence in which real *détente* -- lasting and rewarding for all -- will be impossible.

It is in this new and deeper spirit of "live and let live" that we hope the second stage of the conference, which we see opening in mid-September, will embark on its important task. It is also in this spirit that Canada, for its part, will participate fully in all aspects of the conference, convinced that in doing so it will be contributing to the security and well-being both of Canada itself and of the international community.

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Statements and Speeches

No. 73/18

UNITED NATIONS RECORD -- NEED FOR COLLECTIVE SENSE OF URGENCY

An Address by the Honourable Mitchell Sharp, Secretary of State for External Affairs, at the General Assembly of the United Nations, New York, on September 25, 1973.

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By the admission of the Federal Republic of Germany and the Democratic German Republic, the United Nations has taken another big step towards universality. Canada applauds the breadth of mind -- the evolution from stalemate in Europe -- that has made these states welcome within our organization.

Canada also warmly welcomes the admission of the Commonwealth of the Bahamas as a full member. As a country that has long enjoyed close links with the Bahamas, we are confident that the influence of our newest member will be directed to the highest interests of the United Nations.

The United Nations is becoming universal -- is it becoming more effective as an instrument for the attainment of the hopes and aspirations of mankind?

Since last we met here, one of the architects of this organization, the Right Honourable Lester B. Pearson, died in Canada. In those bright, hopeful days when he and others were engaged in preparing for the birth of the United Nations, Mr. Pearson expressed his fear that, when the unifying pressures of world war have subsided, "nationalist pride and prejudice would become strong again -- and the narrow concept of the national interest prevail". This judgment on the future was all too quickly proved accurate. Yet, as conscious of its imperfections as any man, Mr. Pearson remained convinced that the United Nations was indispensable for even the most slow and painful march away from mass violence and poverty.

It is true that, in certain key areas of world security, the United Nations appears to have been by-passed. Improved relations between the great powers have been achieved essentially through bilateral efforts. Significant steps have been taken towards greater European stability with the European Security Conference and talks on mutual balanced force reductions. The agreement

reached bilaterally between India and Pakistan, restoring the conditions of peace and future co-operation in the subcontinent, has been warmly welcomed by the world community.

All of us are, in some degree, affected by these deliberations and decisions, and we recognize that it is the nature of our world's society that all of us do not have the opportunity to contribute to the decision-making, as we should wish, through this world forum. As the Secretary-General has said in his excellent introduction to the annual report:

"It is necessary to emphasize that there is no inevitable clash between bilateral and multi-lateral diplomacy. They are, or should be, mutually supporting, each having particular advantages in particular situations. There is no single road to peace -- we have to try all roads."

But we should never fail to assert the interest and the primacy of this organization where it has an indispensable role to play.

Such was Canada's view at the International Conference on Viet-Nam held early this year in Paris. I attempted to have the United Nations and the United Nations Secretary-General firmly integrated into the peace-observation machinery which was being established at that Conference. These efforts failed.

After five months of efforts to play the role of an impartial international observer, we withdrew from the International Commission for Control and Supervision in Viet-Nam, frustrated but by no means embittered.

Canada remains prepared to play its part in peace-keeping and peace observation. But we have learned a lesson from our long and frustrating attempts to have these peacekeeping bodies operate objectively. The lesson is this -- peacekeeping and peace-observation operations stand the best chance of success if they are conducted under the authority of the United Nations Security Council.

We have long assumed that progress in technology, agriculture and communications would mean progress for the underprivileged -- a ladder on which people could climb away from hunger, disease and degradation. Yet, tragically, the word "progress" has come to mock us. The gap between rich and poor is wider than ever. Material achievements are threatened by spiralling world inflation,

increasing pollution, unforeseen commodity shortages and the capricious movements of world finance.

For ill as well as for good, we are increasingly interdependent, however jealously we guard our independence. No nation can solve inflation in isolation from the others. No nation can ensure the cleanness of air or the purity of water that flows freely across political boundaries. Faced individually by each sovereign state, the challenges are insurmountable. For they are universal problems and they can only be met effectively by universal solutions. The United Nations and its agencies are the only bodies with the authority and with the breadth of representation to meet these challenges.

Even collectively, these challenges are intimidating. Our experience with the problems of international security -- not least those of the Middle East -- has taught us that they will not be overcome by conferences alone, by resolutions or by formal votes. They require a profound and clearheaded appreciation of the dimensions of the problems matched by a common will to work co-operatively toward solutions.

We must try to avoid barren and abrasive confrontations, which are frequently the result of the formal voting process. Consensus is another, and often surer, route. It is the technique we are increasingly using at our Commonwealth heads of government meetings. The results are not dramatic, but they are nonetheless real.

Consensus does not mean the imposition of the will of the majority on a reluctant minority which feels its vital interests are at issue; it means the shared recognition of what should and can be done. I believe we attach far too much importance to the voting scores; votes are little solace to the hungry.

There have been three successive years of drought in parts of Africa and the Asian subcontinent and abnormally poor growing seasons in many other parts of the world. Until now, only a few food-producing nations, including Canada, held surplus food stocks, and even their existing stocks fluctuated according to weather conditions and international demand. Over the years, efforts to create food banks have proved largely unsuccessful.

Now, a constructive proposal to assure world food security has been introduced by the Director-General of the Food and Agriculture Organization. Its rate of success will be directly proportional to the effort made by each nation to adjust accordingly its food production and stocking policies. I urge every nation -- not just

those that are the traditional surplus food producers -- to support and co-operate with the FAO in this task. We note with great interest the proposal made yesterday by the Secretary of State of the United States to convene a World Food Conference in 1974. We look forward to discussing this proposal in detail, as it must be our aim to exorcise the dreadful spectre of starvation which menaces millions of human beings.

Canada has supported the revitalization which, over the past few years, has been transforming the Economic and Social Council. A very important change for Canada and for Canada's relations with Europe was our election by ECOSOC to full membership on the Economic Commission for Europe.

One of the prime responsibilities of ECOSOC is the successful implementation of the action program adopted by this Assembly for the Second United Nations Development Decade -- the international development strategy. That strategy is neither perfect nor immutable. Our appraisal of it has proved already to be a difficult process. It is not, however, an impossible process, and it is one that I hope will become easier as we all become more attuned to its requirements.

Mr. President, we stand in the shadow of other terrifying and universal problems, which can only be overcome by international co-operation. Last year I spoke out strongly about terrorism, and I must do so again. Civilization cries out for effective action by the international community to protect innocent persons against premeditated acts of violence.

Since last year, international efforts to combat terrorism have gathered some momentum through various international organizations and instrumentalities. Over 86 states have, for example, signed the 1970 Hague Convention on Aerial Hijacking. It is encouraging to note the growing list of ratifications to combat acts of unlawful interference with civil aviation by states from all geographical regions and of all political views. However, terrorism has not been eliminated; it remains a double-edged sword -- in its indiscriminate sweep it cuts at the roots of international order as well as at the hand that wields it.

We shall look to all nations and to the General Assembly for action on further measures to combat acts of terrorism.

Terror has another face. It is that of nuclear poison and the ultimate threat of nuclear holocaust. Although ten years have elapsed since the partial test ban came into force, there has been

no further progress toward achieving the cessation of all nuclear tests -- which was the ultimate objective of the signatories of that treaty. Despite improving prospects for international security resulting from strategic arms limitations agreements, there has, regrettably, been no sign that either of the super-powers is prepared to curtail underground nuclear testing -- or to enter into active negotiations towards the achievement of a comprehensive test ban treaty. Nor have the two great powers brought to an end nuclear testing in the atmosphere, despite the overwhelming weight of world public opinion.

Mr. President, the global dimension is clear and striking in the use we make of the oceans. Coastal states must protect their economic and environmental interests. On the other hand, there must be certain traditional freedoms on the oceans to facilitate world-wide exchanges. We continue to believe that these elements of the law of the sea are not irreconcilable and that a proper balance can and must be achieved. Canada believes that these rights, which are essential to the well-being of developing and developed coastal states alike, can be exercised in a manner that will take into account the rights of other legitimate users of the sea -- mankind as a whole. A new international order recognizing both the fundamental rights and responsibilities of states in respect of the oceans can emerge from the Third Law of the Sea Conference if the governments here assembled have the will.

Similarly, outer space offers exciting prospects of benefit in meeting terrestrial needs in resource management, communications and education. These prospects can be realized for all our peoples only by searching for new and imaginative forms of international co-operation -- and I believe that, through the United Nations, we are well embarked on this search.

Last year, the General Assembly accepted the Canadian invitation to host a conference on the urgent and vital question of human settlements, now scheduled for Vancouver. We were delighted that the General Assembly responded so warmly to this invitation and are encouraged by the co-operation and enthusiasm which has been displayed during the initial planning stages for the conference.

This year we celebrate the twenty-fifth anniversary of the Human Rights Declaration. Yet in parts of Southern Africa minority regimes still deny man's basic rights through stubborn opposition to his efforts to achieve equality. Canada recognizes the legitimacy of the struggle to win full human rights and self-determination in Southern Africa and is studying ways to broaden

its humanitarian support for those engaged in these efforts. The most effective way to mark this anniversary will be for each nation to redouble its concern to extend human rights to all its people. But concern must be expressed through achievement.

Mankind's occupation of this planet has been neither wise nor far-sighted. Because of our greed, our indifference and our ignorance, we are speeding on a fatal collision course with our environment. The exploitation of our natural resources has been incessant, uncaring and exhaustive. Our air and our waters are becoming foul and poisonous. We seem to be incapable of feeding and clothing adequately our growing millions. We are unable to live peacefully together or share our bounty so that all may live a life of dignity.

Although there is no doubt that, in some circumstances, the agencies of the United Nations can and do move swiftly, on the whole no one can accuse this organization of approaching its problems with unseemly haste. Too many items have taken up permanent annual residence on the agenda. Still, some progress is being made. The increasing universality of the United Nations is an outstanding example.

But there is lacking a sense of urgency -- a collective sense of urgency -- a collective sense of urgency about the towering problems confronting mankind and this organization. In our race with poverty and starvation, terrorism and armaments, pollution and bigotry, we are too apt to forget that time is not on our side.

S/C



Statements and Speeches

No. 73/19

THE VALUE OF BILATERAL CONSULTATION AND CULTURAL RELATIONS

An Exchange of Letters between His Excellency Walter Scheel, Vice-Chancellor and Minister of Foreign Affairs of the Federal Republic of Germany, and the Honourable Mitchell Sharp, Secretary of State for External Affairs of Canada, September 28, 1973.

* * * *

The following letters were sent on September 28, 1973, by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Minister of Foreign Affairs of the Federal Republic of Germany:

Ottawa, CANADA
September 28, 1973

Excellency,

During our exchanges on the occasion of your current visit to Ottawa, we had the opportunity to review the pattern and extent of the bilateral consultations in many forms and in various fields which take place between the Federal Republic of Germany and Canada. We noted with satisfaction that many of our common interests are already reflected in various agreements on Science and Technology, Defence Research and Production, Social Security and other areas.

We also noted that bilateral discussions on matters of common concern provide an effective method of improving the scope and quality of our relations. To this end, we agree that, without prescribing any particular form, bilateral consultations should be held, normally at the senior official level, or at the ministerial level, as circumstances warrant and allow. The time, place and topics for any such meeting may be proposed by either side.

Irrespective of such meetings, we expressed our desire to continue to encourage a greater exchange of visits between the Federal Republic of Germany and Canada.



Statements and Speeches

No. 73/20

CANADA AND CHINA -- A LITTLE MUTUAL EDUCATION

A Press Statement by Prime Minister Pierre Elliott Trudeau
issued at Peking on October 13, 1973.

My visit to the People's Republic of China was, of course made at the invitation of Premier Chou En-lai. It was first extended over a year ago and renewed early this summer. Considering the importance of China on the world scene and the particular interest Canada has had and continues to have, both in terms of our own commercial relations and in respect of the broader issues of the day, I was very happy to have been able to accept. The discussions that have taken place I think I can describe as extremely warm and indicative of a high order of mutual respect and regard. The results, on which I shall have more to say in a moment, also included a little mutual education. I am hopeful that the Chinese Premier and the Government of the People's Republic of China will have a better understanding of the Canadian point of view even on those issues on which we still differ.

For my part, I have learned a great deal about what underlies China's policies and its actions on the world scene. On bilateral matters, the results we have achieved speak largely for themselves and I shall give the gist of them:

Trade and economics

On the trade and economic side, the Premier and I were pleased to note the favourable development of two-way trade since the establishment of diplomatic relations in 1970. Trade between Canada and China has increased considerably both in value and composition. It is expected that Canadian exports to and imports from China will surpass in 1973 the record levels reached in 1972, when two-way trade totalled over \$300 million. We expressed the expectation that our discussions during the past few days would lead to a further development of this trend in 1974, to the mutual benefit of both countries. As a further important step in the development of trade relations, the Premier and I signed a trade agreement that will serve as a framework for the development of trade between Canada and China over the next three years. In the agreement, both sides undertake to endeavour to create favourable conditions for further strengthening the flow of goods between them. The agreement establishes a joint trade committee that will meet annually, and we agreed that a meeting of the committee should take place in early December in Peking. The trade agreement also contains an undertaking by both sides to promote the interchange of persons,

groups and delegations engaged in trade. It was agreed that a program of such interchanges for the coming year would be established during the December meetings of the joint committee. I suggested, in particular, that consideration be given to such areas as transportation, forestry and agriculture.

In the trade agreement, both governments agree to facilitate the development of mutually-beneficial, long-term commercial arrangements between the relevant trading bodies and enterprises of the two countries. In this regard, the Premier and I were pleased to note that Canada and China had just signed a long-term wheat agreement under which China will buy up to 224 million bushels of Canadian wheat over the next three years. Long-term arrangements appear to be particularly useful in a number of other product areas. Two such examples, where it was agreed that detailed discussions might be initiated quickly between the enterprises and organizations concerned in Canada and China, are aluminum and woodpulp. Both sides also exchanged views on potash, sulphur and nickel and agreed that further discussions should take place between the relevant trading bodies and enterprises.

I noted that there had been a significant increase of Chinese imports from Canada of manufactured goods, including capital equipment. Of particular importance were generators, insulated wire and cable, telecommunications equipment and electronic equipment and components. I fully expect that this trend will continue.

During the visit, we were advised that, when importing complete plants, China would consider Canada as a source of supply. In this respect the Chinese indicated that, when they decided to purchase a complete synthetic rubber-producing plant, they would consider Canada first.

In my discussions, I noted that Chinese exports to Canada had doubled in 1972 over 1971, and I expressed the hope that they would continue to increase and that China would take advantage of the varied export opportunities in the Canadian market. I appreciate, of course, that an expansion of our exports to China should be accompanied by an expansion of Chinese exports to Canada. That is what two-way trade is all about. We agreed, in this connection, that both governments should try to render whatever help and assistance they could.

Medical science
and health care

During my visit there has been a most profitable exchange of views in the medical science and health-care field. More particularly, it has been agreed as follows:

- a) In April 1974, Canada will send to China a nine-member team for a period of one month to learn the technique of acupuncture analgesia.
- b) In September 1974, China will send to Canada a nine-member team, being three groups of three persons, for one to two months, to study neurophysiology, organ-transplantation and the artificial kidney.
- c) In 1974, China will send two scientists to McGill University for one month under the Bethune Lectureship.
- d) Also in 1974, preparation will be made for China to send to Canada, about January 1975, a five-member team to demonstrate acupuncture analgesia and to teach it to Canadian scientists and practitioners.
- e) At the end of 1974, Canadian and Chinese representatives will meet again to discuss exchanges in the medical science and health-care field for 1975.

ence and technology

Following upon the highly successful visit to China of the Canadian scientific delegation led by Minister Sauvé, Premier Chou and I agreed that, for the mutual benefit of scientific research in Canada and in China, there should be a number of exchanges during the course of 1974. China will send to Canada delegations of scientists to study the fields of laser research, coal-mining by the open-cast method, seismology, fisheries and forestry. Canada will send to China delegations in the fields of coal-mining by hydraulic power, metrology, fisheries, forestry and pest-control.

Cultural, academic,
sport and media

In the area of cultural, academic, sport and media exchange, the Premier and I have discussed the following for 1974: China has agreed in principle to be host to a Canadian symphony orchestra and to an exhibition of Canadian paintings from the collection of the National Gallery. Canada will receive an exhibition of Chinese historic relics now on show in London. We have also noted China's intention to participate next year in Man and His World in Montreal through an exhibition of traditional-style paintings and handicrafts. The same exhibition may also go to Vancouver. China has accepted a gift of books on Canada to be given, over a period of five years, to a Chinese University.

With regard to academic exchanges, both the Premier and I are pleased with the arrangement already concluded which allows for an exchange of 20 students each way each year for the next two years. We have also agreed upon an exchange of professors, to begin, if

possible, early in 1974, and upon an exchange of delegations in the field of education.

Concerning sport, we have agreed to an exchange of three teams from each country in 1974.

Regarding the media, I was happy to accept an invitation for a delegation of representatives of the press of Canada to visit China, returning the visit to Canada earlier this year of Chinese press representatives.

Finally, we have agreed to an exchange of radio and television programs and documentary films between our two countries.

Consular affairs In the consular field, extensive discussions have been held in a co-operative and friendly atmosphere on matters that are of mutual concern to the Chinese and Canadian Governments and will mean much to our peoples. These discussions have resulted in agreements in three areas. The broadest of these is an understanding on the formal establishment of consular relations that includes a provision for each side to set up a consulate-general in the other country. Another is an understanding on the simplification of visa procedures, which will facilitate the movement of persons between the two countries. Thirdly -- and of perhaps the greatest humanitarian interest -- is an understanding to facilitate the reunion of families. It will now be possible for the Canadian Government to process within China applications made by Canadian residents on behalf of their relatives in China.

We regard these three understandings as a major contribution to increasing the movement of persons to which the Canadian Government attaches great importance.

World affairs The format of the discussions was proposed by the Chinese side. They began with a statement by myself of the Canadian viewpoint on a wide range of subjects both of a general nature and of particular interest to the two countries. The most obvious matters were those currently occupying the attention of governments everywhere, including the situation in the Mid-East, the problems of newly-emerged and emerging countries, the movement toward an accommodation in Europe, and the world situation in respect of energy resources and food supplies.

In these, as in other matters, I took the opportunity of explaining to the Premier the particular attitudes that arise out of Canada's unique geographical and historical position in the world and the Government's policies relating to them. Premier Chou displayed

considerable interest in my presentation of the Canadian world outlook, particularly in matters relating to Canadian participation in NATO, and other international groupings such as the Commonwealth and the Agency for Cultural and Technical Co-operation. He also enquired about Canadian attitudes toward the Law of the Sea Conference and about Canada's pollution-prevention zones in the Arctic, and about our energy policies.

For his part, Premier Chou presented with great clarity the views of his Government on issues of particular concern to China. I also explained to Premier Chou that, with one great power to our south and another to our north, it was natural that Canada should exert special efforts to establish and maintain close and friendly relations in other parts of the world. To the east, we are concerned with safeguarding and improving our relations with the countries of Europe, but equally it was important for us also to look west to the countries of Asia and the Pacific for co-operation and understanding. I was at special pains to point out that our relations with the U.S.A. were good and must necessarily remain so, that the American relation would obviously continue to form a vital part of our foreign policy. It was no reflection on any of our existing relations that we were seeking to establish and improve our contacts in other parts of the world.

Premier Chou and I agreed that, although there were factors that prevented us from seeing the same events in precisely the same light, our respective points of view were at least understandable to each other and often very similar. Speaking for Canada, I was able to assure him that friendship for China was and would continue to be an important element in our foreign policy.

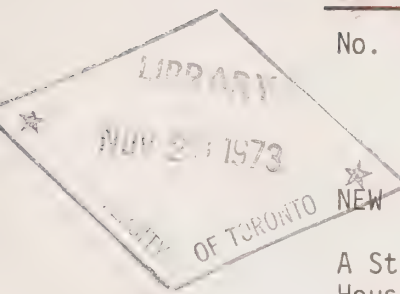
I think I may say that this visit to Peking, the warm welcome and excellent arrangements that have been made for us, and the extremely friendly and candid conversations we have had, as well as the agreements and understandings we reached, have all combined to ensure that the relationship between the two countries will remain both friendly and of substantial importance to both.

S/C



Statements and Speeches

No. 73/21



NEW CANADIAN TIES WITH CHINA

A Statement by Prime Minister Pierre Elliott Trudeau in the House of Commons, October 19, 1973.

...I should like to report to Honourable Members on my visit to China, which, as the House knows, concluded just a few hours ago.

The invitation to me to visit the People's Republic of China was first extended by Premier Chou En-lai two years ago and was renewed again several months ago.

We left Canada with high expectations. I am able to say that the willingness of the Chinese Government to accept our point of view and to engage with us in activities of benefit for the people of Canada more than met those expectations. The high degree of interest of the Chinese Government in Canada and the willingness of that Government to work towards the maintenance and strengthening of friendly relations with Canada was made evident by the amount of time they, the Chinese leaders, were willing to devote to me and to my party. Chairman Mao Tse-tung extended to me the courtesy of a long conversation. Premier Chou En-lai met with me for many hours of formal discussions over the course of several days and chatted with me at even greater length in informal circumstances on a number of occasions.

One of the main objectives of any visit by a head of government, whether a Canadian travelling abroad or a prime minister coming here, is to ensure that each country understands the policies of the other and the circumstances which give rise to those policies. It is seldom possible to come to agreement on the wisdom or the effectiveness of all policies, nor would one expect that this could be the case in a world in which the vagaries of history, the realities of geography, and the variations of social systems lend distinctive directions and points of view to governmental policies. What I found most heartening, however, in my discussions with the Chinese leaders was their understanding of, and sympathy for, Canada's foreign policy. In particular, I was not subjected to any demands that future Canadian relations with China would depend for their warmth on our attitudes towards any other country. I stated in Peking, both in the privacy of conversation with the Premier and on public occasions, that Canadian foreign policy sought to avoid tension, to strengthen the institutions of international co-operation and to assist the economic development of the newly-

independent countries. I said as well that, in my belief, the true measurement of national greatness was found not in military might or in political ceremony but in the willingness of a country to recognize the importance of individual welfare, human dignity and a sense of personal accomplishment and fulfillment.

Many of the issues which were discussed with the Chinese leaders, and in the several committees of officials that were established during the course of the visit, reflected these beliefs and the desire of Canada to expand its international trade.

Premier Chou and I signed a formal trade agreement that will serve as a framework for the development of trade between Canada and China for the next three years....

Honourable Members will find that this agreement establishes a joint trade committee, which will meet annually. The Canadian suggestion that the committee address itself immediately to the areas of transportation, forestry and agriculture was accepted by the Chinese. Agreement was reached as well that detailed discussions should be initiated quickly in the fields of aluminum and wood pulp. We also agreed that further discussions should take place soon with respect to potash, sulphur and nickel. The Canadian side was heartened by the obvious Chinese interest in increasing the purchase of Canadian manufactured goods and contemplating the purchase from Canada of complete plants. Throughout our discussions in this area, emphasis was lent by both sides on the mutual benefit to be gained from long-term commercial agreements.

Satisfying as were the discussions on trade and commercial relations, I was moved most by the several understandings reached in the areas of medicine and human relations. Honourable Members will be familiar with the important work done last spring in China by a joint governmental and professional medical mission to China led by Dr. Gustave Gingras, the then President of the Canadian Medical Association. That mission recognized the immense benefits that could be realized in health-care services in Canada if more were known about several areas of Chinese medical techniques. The hope was subsequently expressed by the two major medical bodies in Canada that the Canadian Government would attempt to encourage the Chinese to engage in co-operative activities with Canadian doctors to these ends.

I am delighted by the progress that we were able to make in this respect during my visit, which provides for teams of Canadian and Chinese physicians visiting one another's countries to study advanced techniques in each place. The field of interest chosen

by Canadian doctors in this first phase is that of acupuncture analgesia. I am informed that, if this technique proves as successful in the Canadian social environment as has been the case in China, its contributions in the elimination of anaesthetic complications, in the reduction of costs associated with surgery, and in the extension of surgery to elderly and high-risk patients now denied treatment, will rank it as one of the major contributions to Canadian medicine -- a ranking, I am assured by members of the medical profession, equivalent in importance to any medical contribution in the past decade.

I am particularly appreciative of the willingness of Premier Chou to agree to my request that facilities be instituted which will lead to the reunion of families. Just as I regarded this question of reunification as one of the most important of the subjects on which I engaged Premier Kosygin in discussion -- and which has since led to the exit from the Soviet Union of several hundreds of persons to join relatives in Canada -- so I emphasized to Premier Chou the importance with which Canadians as a whole viewed this aspect of Canadian-Chinese relations. I have instructed Canadian officials to waste no time in the implementation of this new understanding that permits Canadian immigration officers to proceed to China to process applicants for entry to Canada. An officer of the Department of Manpower and Immigration is already on his way from Ottawa to Peking.

Understandings were reached in other fields as well: cultural and sports exchanges, for one, consular arrangements for another, and science and technology for still another. The latter was made possible by the extensive work done in advance of my arrival by the Minister of State for Science and Technology.

My visit to China leaves me without any doubt of the wisdom of the decision of the Canadian Government to reverse the long-standing policy of ignoring the People's Republic of China. Because that immense country of talented and industrious people will have an increasing impact on world affairs, and because a strengthening and enriching of the bilateral relation between Canada and China can be beneficial to Canadians, that decision was right and will increasingly prove to be right. The presence of China in the United Nations and in other international councils makes it vital that Canada's interests and Canada's views be understood and, it is hoped, supported by the Chinese Government. It will be of increasing advantage to Canada that Canadian leaders have opportunities to explain Canadian attitudes and policies to Chinese decision-makers just as -- amongst many things -- I exposed to

Premier Chou the positions Canada would advocate at the forthcoming Law of the Sea Conference.

In conclusion, I wish to say that I was heartened again and again by the genuine friendship extended toward Canada and Canadians by the leaders and the people of modern China. I am confident that the diversification and enjoyment of our new ties with China will not interfere with the long-standing friendly relations that we enjoy with those several countries with whom we have special ties. Nor will it detract from our efforts to seek, to our advantage, the easing of tensions and the increase of contacts with other parts of the world.

It has not been the vastness of the Pacific that has acted as a barrier between Canada and China. The gulf has been found all too often in the minds of those of us who were unwilling to recognize the magnitude of one of the most significant revolutions in the history of the world and the extension of basic human amenities to hundreds of millions of persons to whom they had been denied for millennia.

The name of Canada is held in high respect in China, and, as a consequence, Canadians are beneficiaries. It is the aim of this Government that this reputation, and those benefits, increase and continue.

S/C



Statements and Speeches

No. 73/22

REDUCING THE CREDIBILITY OF WAR AS A TOOL OF GOVERNMENT

Statement in the First Committee of the Twenty-eighth Session of the General Assembly of the United Nations in New York on October 24, 1973, by Mr. W.H. Barton, Ambassador and Permanent Representative of Canada to the Conference of the Committee on Disarmament at Geneva.

* * * *

The repeated outbreaks of war in the Middle East vividly illustrate the point which is fundamental to our discussions -- that war is a futile instrument for the resolution of differences between states. Moreover, each new outbreak of warfare, wherever it takes place, presents a danger of spilling over into an even wider area, with all that implies in escalation in size of forces and armaments employed. Mutual deterrence and self-restraint on the part of the nuclear powers are powerful factors preventing the extension of a regional war into a general war. But can we take it for granted that these impediments will always suffice? For most of the world they are not good enough. We want effective international action to reduce and ultimately remove the threat of war -- which is why we are here today and no doubt will be back next year and in the years ahead.

This annual debate provides an opportunity to look back over developments during the preceding 12 months, to draw a balance-sheet of the current situation, and to give thought to approaches that may contribute to progress in the period to come.

It has been the custom of this Committee to devote its particular attention to the work of the Committee of the Conference on Disarmament (CCD). This is fitting, since that Committee reports directly to the General Assembly and in a sense acts as its continuing and expert forum on arms control and disarmament between sessions. At the same time, however, the Assembly's assessment of the current situation would be incomplete if it failed to take into consideration developments elsewhere in pursuit of limitations, reductions or restrictions on the instruments of war.

As will be clear from the report of the CCD (Document A/9141), two subjects dominated discussion in the CCD during the past year -- the question of a comprehensive nuclear test ban and the question of a prohibition of chemical weapons. These are the issues the General

Assembly at its last session invited the CCD to consider as matters of priority, and the record shows that this wish was respected. With what degree of success is, of course, another matter.

I should like to offer some comments on these two issues. First, because in the view of my delegation it has greater significance, let me treat the question of a comprehensive ban on testing nuclear weapons. For several years now, the Canadian delegation, like most others here, has been convinced that the most constructive and immediately available contribution to the deceleration of the arms race and to the promotion of arms control which would be made multilaterally through the CCD would be the negotiation of a treaty providing for the complete cessation of nuclear-weapons tests. The considerations that have led us to this position are well known. First, by placing an obstacle in the way of the development of new varieties of nuclear weapons, such a ban would be a factor in slowing the nuclear-arms race. Second, such a ban would be a measure of self-restraint by the nuclear powers, consistent with the obligations and spirit of the non-proliferation treaty; it would thus serve to strengthen this important instrument. Third, a comprehensive test ban, adhered to by all nuclear powers, would eliminate from the world a source of anxiety about threats to the environment. A comprehensive test ban would thus contribute to the safety of this planet, not only today but for the generations to come.

The CCD's consideration of the test-ban issue has been lengthy, detailed and frequently constructive, but it is striking that, notwithstanding the undertakings of the nuclear powers in the Non-Proliferation Treaty (NPT), the initiative has always come from its other members, never from the super-powers. This year, for instance, the most that was achieved was a meeting of technical experts to review developments related to the complex problems of verifying an underground test ban. This meeting was called, not at the initiative of any of the nuclear-weapon states but at the urging of the delegation of Japan. Once again, as was the case in past meetings of this kind, only two of the nuclear powers on the CCD, the United States and Britain, participated; disappointingly, the Soviet Union again held to the line that it would only join in promoting scientific exchanges in the field of seismic monitoring of underground nuclear-weapon tests as part of an accepted comprehensive test-ban treaty. In short, nothing that occurred this year in the CCD -- whether statements, working papers, or participation in technical discussions -- produced any evidence of a change of position by any of the nuclear-testing states.

There is another dimension to the nuclear-testing issue. This is the continuation of nuclear testing in the atmosphere by two nuclear powers. The possibility of being exposed to radioactive fall-out from these tests has created a sense of deep apprehension among peoples of many countries, and this has provoked insistent demands from round the world that this kind of testing in particular must stop. My Government once again calls on the nuclear powers concerned to reconsider their position on the Partial Test-Ban Treaty (PTB) and to abandon this particularly objectionable kind of nuclear testing.

Briefly then, non-nuclear states have done all they can in the CCD and outside to bring about an end to testing. It is up to the nuclear powers. Three of these nuclear powers have repeatedly pledged -- in the Partial Test-Ban Treaty, in the Non-Proliferation Treaty, and in numerous statements -- that their objective is an agreement on the cessation of all nuclear-weapon tests; we should like to believe that great powers do not make such commitments lightly.

In this situation, it seems to a number of delegations, including my own, that the step the Assembly should take this year -- the tenth anniversary of the PTB -- is to unite in the adoption of a simple but sharp resolution reiterating in the clearest possible terms its determination that nuclear testing in all environments should be brought to an end. (We hope to join a number of other delegations in tabling a resolution to this effect.) Of course, our message is not new, but we cannot fail to remind the nuclear-testing powers of our firm and continuing expectation that they will take measures aimed at halting the nuclear-arms race. (I shall have more to say on this subject when the Committee debates the draft resolution to which I referred a moment ago.)

It is clear that the nuclear-testing issue is closely linked to attempts to prevent the proliferation of nuclear weapons that find their embodiment in the NPT. This important agreement, multilateral in nature, seeks to reduce the danger of nuclear war by restricting the number of states that have access to nuclear weapons to those that possessed them at the time the treaty came into force in 1970. Non-nuclear-weapons states which adhere to the treaty recognize that it is not in their interest to possess nuclear arms, but their right to benefit fully from advances in peaceful, nuclear technology is guaranteed. To date some 80 countries have adhered to this treaty; reflecting a collective judgment that such an agreement must be in the interests of the whole world community. We must not forget, however, that several countries with advanced nuclear technology still have not ratified the treaty or concluded safeguard

agreements pursuant to the treaty; it is disturbing, as well, that two nuclear states remain unwilling to accept even the very limited obligations that would be placed upon them if they chose to accede to the NPT. My delegation earnestly hopes that such states will, as a minimum, maintain policies consistent with the objectives of the NPT and that they will respect the efforts of the parties to the treaty to fulfill their obligations, particularly with regard to Article III, concerning the application of International Atomic Energy Agency safeguards.

I should like now to turn to the other item that has been before the CCD as a matter of priority -- the banning of chemical weapons. Again, the CCD has not made the progress we had hoped for in its efforts to negotiate a treaty prohibiting the development, production and stockpiling of chemical weapons. But my delegation, for one, has yet to be satisfied that any of the proposals so far envisaged will provide the necessary security guarantees for a treaty to be generally acceptable and effective.

Let us consider the current situation regarding chemical weapons. The Geneva Protocol of 1925, forbidding their use, has been in effect for nearly 50 years and is widely accepted as expressing a norm of international law. Unquestionably, its effectiveness has been reinforced and given substance by the fact that, by and large, nations have been reluctant to use chemical weapons, not simply for moral or political reasons but also for practical military considerations. Their use carries with it the probability of retaliation and the necessity to adopt difficult protective and defensive measures. It is evident that a key factor that has led certain countries to chemical-weapons development, production and stockpiling programs has been the desire to deter by the threat of retaliation the possible use of chemical weapons by potential enemies.

In attempting to draw up a treaty banning development, production and stockpiling of chemical weapons, the CCD is aiming to make a contribution to the ultimate goal of general and complete disarmament and in the interim to limit the dimensions of war-making. But, more specifically, it is seeking to find a way of reinforcing the Geneva Protocol by eliminating the weapons of chemical warfare. This would mean that trust in the effectiveness of such a treaty would replace the deterrent value of maintaining chemical weapons. If governments are to be persuaded to abandon the right to exercise this measure of deterrence, they must be satisfied that the treaty will provide an equal or better standard of protection; in other words, there must be an effective system of verification, in which all parties to the treaty will have confidence.

But, as we have come to realize in the course of our studies in the CCD, the problem of devising an effective system of verification is proving to be extremely difficult -- if not intractable. Facilities for development and production of chemical-warfare agents are not essentially different from those required for many industrial chemical processes -- indeed, some industrial chemicals can be used as chemical-warfare agents. Chemical weapons in many cases do not differ in external appearance from other munitions. Clearly, in these circumstances, adequate verification would be difficult and would seem to need some kind of internationally-supervised system of "on-site" inspection. But such a system is anathema to certain governments. Even if this problem did not exist, it is evident that, by the nature of the task to be carried out, adequate verification will require a system that is intrusive and expensive, and will be difficult to reconcile with the requirement that it should not hinder unduly the operations of chemical industries throughout the world, or constitute an undue burden on the international community.

From this, it is evident that the question of the adequacy of verification will seem by many states to be related directly to the scope of a prohibition. Unless the system of verification is found adequate, those states now having the protection of a deterrent chemical-weapons capacity may be unwilling to accept a scope of prohibition that would include their existing chemical-weapons capacity. On the other hand, states which do not have independent access to a chemical-weapons deterrent capacity may be unwilling to adhere to a treaty placing restraints on themselves without there being at least some reduction in potential chemical warfare threats they fear.

Then there is another problem that has not been faced up to by any of the proposals submitted so far to the CCD. Is the treaty only to come into effect if all members of the UN adhere to it, or do we have to envisage a situation whereby a nation would be expected to forswear its right to chemical weapons even if its potential enemies did not do likewise? What provisions, if any, should be put into the treaty to deal with this situation? These are hard questions, but they must be answered if there is to be any hope of negotiating an effective treaty.

It will be evident from what I have said that my delegation does not see any instant solutions to this difficult set of problems. We believe that the CCD should proceed with all deliberate speed in its search for the elements of a treaty, and to this end it should continue its meticulous examination of the complex issues involved.

Long-standing efforts to eliminate the use of chemical weapons stem largely from the feeling of repugnance about the suffering which they have caused, and from fears about their possible indiscriminate use. Similar concern has led to proposals that strictures should also be placed on the use of napalm and other incendiary weapons. A committee established by the International Committee of the Red Cross (ICRC) is reporting on this question of weapons of indiscriminate effect. The substance and conclusions of this report, and also the report prepared by the Secretary-General of the United Nations on the use of napalm, will warrant detailed and objective examination by governments in order to determine what measures might be taken with a view to placing effective restraint on the use of the weapons in question. In our view, such an examination would be of particular value if it were to reflect a wider concern with the dangers, especially for non-combatants, arising from the broad range of weapons now employed in conventional war.

A further factor to be considered is the relation between the question of the use of such weapons as napalm and other incendiaries and the broader question of principle concerning the use of all types of weapons in ways which could be indiscriminate in effect or cause unnecessary suffering.

My country has demonstrated its concern that efforts to promote, define and reaffirm international humanitarian law in armed conflict should meet with the greatest and most rapid success. We have stressed at various conferences of the ICRC the importance we attach to international efforts to promote general restraint by military forces in order to avoid unnecessary injury to combatants, and indiscriminate use of weapons that would cause injury to non-combatants.

It seems to my delegation that, if the most expeditious progress is to be achieved, both in the search for the solution of the question of napalm and other incendiary weapons and in the promotion of the further development of international humanitarian law in armed conflict, the examination of possible limitations on the use of incendiaries and other particular types of weapon should be carried out by governments as energetically as possible, but in a body other than the 1974 Diplomatic Conference on Humanitarian Law in Armed Conflict. My delegation has an open mind about the type of forum that could most appropriately consider limitations on the specific weapons in question, and would be agreeable to any decision by this Assembly which provides for separate consideration of the two groups of issues.

We are faced with a situation where the CCD has not been able to make any discernible progress on the main items before it. This is a distressing situation. However, in order to come to a balanced assessment of the wider prospects for arms control, I think it is necessary to look beyond the CCD to other bodies or negotiations that are now taking place. It is fair to say that outside the CCD there have been some encouraging developments.

The world can only welcome the efforts that are being undertaken by the super-powers to avert the risk that differences between them could lead to nuclear war. I have in mind the agreements signed in Washington last June, and the resumption of strategic-arms-limitation talks with a view to completing the Moscow agreements of 1972. Progress in the talks is vital to world security.

While the need to reduce the danger of strategic nuclear confrontation between the super-powers must remain a principal objective, a formidable and related problem is to reduce the major military confrontation in Central Europe, and to devise stabilizing measures that can reduce tensions in that area. In a few days time, representatives from European and North American states with forces in Central Europe will enter into negotiations in Vienna with a view to bringing about mutual reductions of forces and armaments and associated measures. My Government will participate actively in these talks, and looks to them to bring about an increased sense of security and a reduction of tension, first of all in Europe but also in the rest of the world. The talks on force reductions in Central Europe, like those on Strategic Arms Limitations (SALT), deal with the essential elements of the security of states; they cause very serious problems for all participating countries. At the same time, however, they hold open the prospect -- if they can be brought to a successful conclusion -- of the most far-reaching and significant arms-control measures yet achieved. On the same continent, the Conference on Security and Co-operation in Europe, while mainly concerned with other matters, is giving attention to military aspects of security in Europe, and in particular to certain confidence-building measures that could reduce the possibility of misunderstanding ensuing from military activities.

Other regional arrangements of various kinds can also have a fruitful role to play in the search for global arms control, since they can be designed to meet needs and take advantage of opportunities that may be different in various parts of the world. A pioneering venture of this kind is the treaty prohibiting nuclear weapons in Latin America. Since none of the states of that area possesses nuclear weapons, the co-operation of existing nuclear-weapon states is an important factor in its effective implementation.

It was, accordingly, with considerable satisfaction that my delegation learned that China and France had adhered to Protocol II of the Treaty of Tlateloco. There remains only one nuclear state that has not done so. We are also watching with sympathetic interest the efforts of the *ad hoc* committee on the Indian Ocean as a zone of peace.

Briefly then, it cannot be denied that there have been some encouraging developments in the area of arms control and disarmament. But we are not satisfied with them: how can we be satisfied until the tide is turned and the level of armaments is in a general state of decrease? It is important that this committee not approach its work in a state of discouragement. We must attempt rather, with clear heads, to determine where the real obstacles lie, to identify those areas where progress can be achieved, and to remain prepared to seize upon promising circumstances as they arise.

Let us consider the CCD in this manner. I have made it abundantly clear that my delegation shares the disappointment of others that this body has made no progress in resolving the issues at present before it. That the CCD as constituted can be productive when the right circumstances exist is amply demonstrated by the PTB, the NPT and the Biological Weapons Treaty. Nevertheless, some delegations have concluded that the reason for the current lack of progress in the CCD is that the machinery is at fault and that a thorough overhauling would transform the CCD into a more productive body. My delegation is perfectly willing to consider, on their merits, any proposals for increasing the efficiency of the CCD's work. But we are under no illusions that minor changes related to the size or organization will add fundamentally to the Committee's effectiveness. It is not that adequate machinery is lacking; what is lacking is a readiness on the part of the major military powers to make use of existing machinery at this particular time, whether to deal with the issues that are already under consideration or to introduce new ones. My delegation would be warmly receptive, however, to suggestions that could lead to the active participation in arms-control and disarmament negotiations by France and China, since it is clear that, without the participation of all the nuclear powers, the effectiveness of any negotiating forum in bringing about arms-control measures that can be adhered to by all states is bound to be restricted severely.

The same considerations guide my delegation's views on the holding of a world disarmament conference -- or, for that matter, the convening of a United Nations disarmament conference.

Sharing as we all do the feeling of frustration at the lack of positive action in the CCD, it is not surprising that there is wide support for a world disarmament conference in which all nuclear powers should participate. Faced by the fact that some nuclear powers have made it clear that they are not yet ready to do so, there are some delegations that believe that this need not be an obstacle and that the planning for such a conference should proceed regardless. My delegation sympathizes with those who feel this way but we believe that to follow this course would be a case of the heart ruling the head.

The hard fact we must face is that proposals for disarmament may be endorsed by 100 or more nations but would be valueless unless the nuclear powers supported them. Indeed, such proposals could be harmful if the consequences were to make more difficult the enlistment of the support of all nuclear powers. It is for this reason that the Canadian delegation believes that, under the circumstances, we should continue each year to take advantage of the General Assembly to review the situation with respect to arms control and disarmament, and express ourselves forcibly on desirable measures and on obstacles to progress, but that we should reserve our judgment on the timing of a world disarmament conference -- or any substitute -- until the prospects for progress become brighter than they are at the moment.

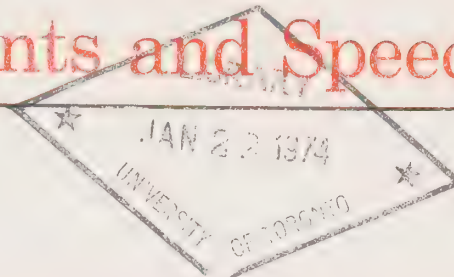
In conclusion I should like to echo the thought I expressed in this debate a year ago. Security does not lie in the possession of ever-larger arsenals. The real national interest of every country on this earth will be furthered by seeking a broader international interest -- by making effective agreements to limit and reduce the levels of armaments and the size of forces in the context of other measures that can promote constructive and stable relations between states. In this way the threat of war will cease to be a credible tool in the hands of governments. This is the goal we must all pursue. Even if our annual debate at the General Assembly at times sounds tedious and repetitious, -- even if the UN's negotiating body, the CCD, appears to be making no headway, we must keep up the pressure. We cannot afford the luxury of yielding to boredom or discouragement and in so doing neglect the vitally important issues with which we are grappling.

S/C



Statements and Speeches

No. 73/23



CANADIAN PARTICIPATION IN THE UNITED NATIONS EMERGENCY FORCE FOR THE MIDDLE EAST

A Statement by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, in the House of Commons, on November 14, 1973.

An uneasy cease-fire now prevails on the Middle Eastern battlefield, which for 15 days, from October 6 to October 22, and again until October 26, witnessed the most furious and bloody fighting in that beleaguered area in modern times. The most sophisticated and destructive equipment was unleashed in the Sinai desert and on the Golan plateau. The biggest tank battles since the Second World War raged on the ground, while dozens of aircraft were struck down from the skies every day, and in the surrounding waters several naval encounters took place near the harbours of the Eastern Mediterranean. Peaceful navigation and trade were interrupted to the point where even some of the governments of that oil-rich region were forced to ration gasoline. Casualties mounted rapidly, and even now we are uncertain as to their extent, although the total must be unbearably high, especially in relation to the results achieved.

The mounting fury of the fight was possibly the only reason why it so abruptly ceased. The great powers who were supplying arms in increasing quantity to each side fortunately realized that they were being drawn into a dangerous confrontation, with the Soviet Union talking of unilateral intervention on the scene, while the United States placed its own forces on an increased state of alert. It was at this crucial stage that the United Nations Security Council agreed to the establishment and dispatch of an emergency force to supervise a cease-fire and separate efforts to prevent a recurrence of the fighting.

Given the circumstances as I have just recalled them, there could be no doubt in anyone's mind that never had an emergency measure of this nature been so evidently and urgently necessary. While Canada did not seek participation in the emergency force, we were determined that, once we were invited, it would be a success, and I am sure this is a point of view that would be supported by all parties in the House. We were asked at an early stage by the Secretary-General of the United Nations to contribute in a vitally important role. Just two and a half hours ago the Secretary-General of the United Nations was on the telephone to me urging the importance of Canada's participation and urging our participation

in certain of these vital functions upon which the whole of UNEF depends.

After due consideration, the Government decided to accept the request and communicated this decision to Parliament. In accordance with the practice followed in the past when a Canadian contingent has been contributed to a peacekeeping force, as opposed to the sending of peace observers, we are asking Parliament to approve the Government's decision. Leaders of all parties represented here indicated, in response to my announcement of October 30, that they supported a Canadian contribution to peacekeeping under the United Nations in the Middle East if it appeared there was a useful role for us to play. Spokesmen for all parties took the same view as I did, that no one could say no to such a request.

The conception of peacekeeping or peace-observation forces under the United Nations, which owes so much of its development to a great Canadian, our former Prime Minister and a Member of this House, the Right Honourable Lester B. Pearson, is firmly supported by this Government, as it has been by previous Canadian Governments of all political stripes. We did not, however, accept the call to join a new UNEF without careful consideration. Experience over the years, some of it rather disappointing, has led us to look for certain criteria that, in our judgment, should be met if a peacekeeping operation is to be effective and if Canadian participation in it is to be worth while. We have no illusions that, in this imperfect world, the criteria for an ideal peacekeeping operation will ever be met in full. These criteria must, however, be constantly reiterated and promoted if peace-keeping is to be made a more effective instrument rather than a source of disillusionment to a world community hungry for peace.

The criteria Canada seeks to apply when considering participation in a peacekeeping operation include certain points of a political nature, as well as others of a more technical kind. A fundamental point is the existence of a threat to international peace and security. There is no doubt of that in this case. Ideally, peacekeeping should be directly linked to agreement on a political settlement among the parties to the conflict. At least there should be reasonable expectations that the parties will negotiate a settlement. The peacekeeping force must be responsible to a political authority, and preferably that authority should be the United Nations. The sponsoring authority should receive reports and have adequate power to supervise the mandate of the force. The parties to the conflict must accept the peacekeeping force and Canadian participation in it must be acceptable to all concerned.

Further considerations are that the peacekeeping force must have a clear mandate, including such things as freedom of movement, and that there must be an agreed and equitable method of financing the operation.

Some of these criteria were not met when we participated in the International Commission in Viet-Nam, or in Cyprus in 1964, or in the UNEF of 1956. After our departure from Viet-Nam, I made it clear that certain features of the operation made it impossible for the Commission to operate effectively. One major impediment was the absence of a political authority to which it could report.

The United Nations may not be the only possible sponsoring body, but we have not yet found better auspices under which to work at peace-keeping. It is, therefore, a matter of satisfaction that in the Middle Eastern situation the emergency force should be put under the authority of the UN. To be precise, it is under the command of the United Nations, vested in the Secretary-General, and under the authority of the Security Council.

In 1964, the House debated the dispatch of a Canadian contingent to Cyprus under great pressure of time and in circumstances that did not allow for the application of rigorous conditions. The island was on the brink of civil war, with intervention threatened from neighbouring countries, and peacekeeping troops had to be sent as quickly as possible. For nine years, the United Nations force in Cyprus has kept conflict from breaking out and it must therefore be counted, to that extent, as a success. It has not, however, led to a settlement of the underlying problems. The absence of a direct link between a peacekeeping force and a negotiated settlement is a weakness, perhaps an unavoidable one, in the Cyprus situation.

Another weakness of the Cyprus peacekeeping operation is the absence of equitable financial arrangements. This time we are determined that the treatment accorded Canada should be equivalent to that accorded to other contributing countries. The Secretary-General has stated that his preliminary estimates of the United Nations own direct costs for UNEF, based upon past experience and practice, are \$30 million for the six-month period authorized by the Security Council. These costs are to be considered expenses of the United Nations organizations and are to be borne by the members of the United Nations as apportioned by the General Assembly, presumably in about the same proportions as each country's share in the United Nations annual budget. Canada's share of that budget is currently 3.08 per cent. I might point out to the House that, even if we did not participate in this peacekeeping operation, we should, of course, still pay our share of the peacekeeping costs.

It is worth recalling that Canadians have been participating for many years in the United Nations Truce Supervision Organization in the Middle East, and that UNTSO continues to exist and to perform a useful role on the ceasefire lines. Our previous experience in the Middle East in 1956, which was the first major United Nations venture in peace-keeping, is naturally very much in our minds at this time. Sadly, we seem to be back where we were 17 years ago. In fact, the request to Canada to participate in the 1973 UNEF is due in great part to the fact that we have special skills and experience, not only in peace-keeping generally but in peace-keeping in the Middle East, and in the role that is now assigned to our contingent....

The original request from the Secretary-General for Canadian participation on October 27 was in terms of Canada supplying the logistic component of the force. That role has been assigned to us precisely because of the effective way in which Canada discharged it from 1956 to 1967, and the skills that our troops demonstrated in doing their job. Two aspects of our previous experience are relevant to the new task assigned to Canada in the same area. First, the way in which UNEF had to terminate its peacekeeping function in 1967 and evacuate the Middle East gave rise to a great deal of discussion, both at the United Nations and in Canada. From that unhappy episode certain lessons have been drawn.

There is no point in participating in a peacekeeping operation unless our participation is acceptable to all, and especially to the sovereign state upon whose soil the force is to be deployed. I can assure the House that we did not accept this task until the Secretary-General had given us formal assurance that the presence of a Canadian contingent would be acceptable to all parties, and especially to Egypt, since UNEF will be deployed on Egyptian territory. In addition, I confirmed the Egyptian agreement personally with the Foreign Minister of Egypt when I met him a few days ago in Washington.

Part of the difficulty encountered with the original UNEF in 1956 was that it did not come under the authority of the Security Council and did not have the unqualified backing of the great powers. Nor was the mandate of the force so clearly set out and accepted by the parties concerned. The first UNEF in the Middle East was a brilliant improvisation that brought the international community back from the edge of disaster but could not ensure peace. This time the super-powers jointly proposed a peacekeeping force, and all members of the Security Council, except China, approved.

The Secretary-General, in his report to the Security Council on October 26, 1973, set out as essential conditions that the force must have at all times the full confidence and backing of the Security Council, and that it must operate with the full co-operation of the parties concerned. This report was approved by the Security Council and we felt more assured that the 1973 UNEF was to be on a sounder basis than that of 1956. It is on that basis that we acceded to the Secretary-General's request of October 27 and accepted our assignment on the force.

Subsequently, an argument developed in the Security Council about having representation in UNEF of various geographical and political groupings. We can understand the desirability of having representation of various geographical areas in a UN force. However, Canada does not view its participation in UNEF in terms of political representation but in terms of performing an essential function. When I have been asked from time to time shouldn't there be a representative of the Warsaw Pact as well as a representative of NATO, of which Canada is a member, I have said that we do not consider ourselves as acting in the capacity of representing anyone but the international community as a whole.

In any event, the Security Council decided that the logistic role should be shared between Canada and Poland. I have made it clear that there is no objection on our part to working with Poland, provided a clear and practical division of responsibilities can be worked out. Our concern is with the efficient operation of the logistics component. It is unfortunate that the debate in the Security Council delayed the dispatch of logistical support units by a full week and threw some confusion on the Canadian role in UNEF. Following the Security Council's agreement of November authorizing the Secretary-General to consult with potential contributors, including Canada and Poland, our Ambassador to the United Nations continued discussions with officials from the UN Secretariat and Poland on the organization and composition of the logistics element.

At the same time, at the request of the Secretary-General, evaluation teams were dispatched to Cairo to assess the requirements on the ground. As a result of these discussions, the Secretary-General requested, and we agreed, that, as the first phase in the deployment of a Canadian contingent, Canada would provide a signals unit to provide communications for the force. Poland will be dispatching an engineer unit as the first element in its contribution.

The Secretary-General is continuing his discussions with both Canada and Poland to determine the next phase of the logistics

deployment, and in particular the allocation of functions between the two countries. In these discussions we have sought to consider in a constructive manner proposals put forward by the Secretary-General, while having in mind the need to ensure that Canada will be able to provide a useful and effective contribution to the operation of the force. At the moment, the Government is giving active consideration to a proposal from the Secretary-General that Canada provide an air unit. A request has been made to Poland to provide a field-hospital unit. In addition, the Secretary-General has made suggestions regarding the division of responsibilities between Canada and Poland with respect to the remaining logistic functions. The discussions have been complex and time-consuming, but I am hopeful that we may be in a position to announce shortly the details of the composition of the remainder of the Canadian contingent.

While these negotiations continue, the advance party of the Canadian signals unit arrived in Cairo on November 10. The deployment of this unit should be completed shortly and will number over 400 persons. This unit is being dispatched according to the schedule determined by the Secretary-General. He wanted an advance party of the unit on the ground as soon as possible because of the urgent requirement for an effective communications system within UNEF.

Another point demonstrated by the history of UNEF from 1956 to 1967 is that a peacekeeping force of this kind should be recognized by all parties as a temporary necessity, to help avoid a renewal of fighting while the parties to the conflict take up the fundamental problem that has led them to fight each other in the first place. It is precisely because the parties involved made no progress toward a peaceful settlement in the ten years following 1956 that ultimately UNEF had to depart without any other prospect than renewed warfare. With this in mind, I stressed on October 22 that, while we warmly welcomed the call for a cease-fire, it was vitally important, in our view, that the cease-fire should lead quickly to negotiations on the basic problems of the Middle East.

There is now a renewed opportunity for the parties involved to employ the respite that UNEF provides to tackle their basic differences. The principles of a just and lasting settlement have been set out since 1967 in Security Council Resolution 242, but until now no progress has been made in implementing that resolution and no negotiations based on its principles have taken place. Resolution 338 of October 22, 1973, which is the basis for the present cease-fire, also deals with the problem of a peaceful settlement. It calls for an immediate beginning to the implementation of Resolution 242 in all its parts and for the beginning of negotiation between the parties under appropriate auspices.

UNEF is not charged with the basic problems involved in a Middle East settlement. Its tasks are limited to supervising the implementation of the cease-fire, the return of the parties to their October 22 positions and the use of its best efforts to prevent a recurrence of fighting. These will be the tests of UNEF and they will be acid tests. Should the parties to the recent conflict fail to comply with the Security Council resolutions and not allow UNEF to operate effectively, the gleam of hope that the cease-fire and Resolution 338 offer will be threatened with quick extinction. Let us pray that the parties involved will therefore quickly agree to comply with these first steps on the road toward peace.

There is no question that Canadians are desirous of a lasting peace and a lasting settlement in the Middle East and, while it may not be the task of UNEF to promote this settlement, it is still the responsibility of every member of the United Nations to do what it can to help bring about this peace and this settlement. In my statement of October 16, I emphasized that parties to the conflict would first have to agree on the basis of a settlement and terms of reference for such a force for Canada to accept participation in peace-keeping.

Both the Hon. Member for Saint-Hyacinthe (Mr. Wagner) and the hon. Member for Greenwood (Mr. Brewin) stressed that our participation could only be undertaken with the consent of the immediate parties involved, and I have dwelt on our efforts to ensure this. I would add that the consent of the parties must be not only to accept the members of the peacekeeping force but also to facilitate its work by complying with the resolution that gave it birth. By their compliance with the Security Council resolutions, the parties will make our task worth while.

There is encouragement in the fact that, for the first time in some 20 years, Israeli and Egyptian generals have met and signed an agreement on some urgent problems of the ceasefire situation. The Governments of Egypt and of Israel displayed wisdom in accepting these arrangements, and I am sure that I speak for all the House when I say that the United States Secretary of State, Mr. Kissinger, deserves high commendation for the effectiveness of his good offices.

We can only hope that these immediate arrangements will lead to further discussions and further agreement.

As I have said, the framework for peace exists in the resolutions adopted by the Security Council. The problem, in our view, has never been so much one of interpretation as of implementation of

these resolutions. I further indicated in the House last week, in reply to a question, that, in our view, such provisions of Resolution 242...as those calling for the withdrawal of Israeli forces from occupied territories and the establishment of secure and recognized boundaries for all states in the region had to be taken together. Naturally, such matters as the drawing of boundaries may prove to be a long task, but is it beyond our imagination to devise means of starting the implementation of the various provisions simultaneously?

The so-called Rogers Plan in 1970 provided for partial implementation of Resolution 242, by a simultaneous reopening of the Suez Canal to navigation and a withdrawal by Israeli forces from the east bank of the canal. While that plan failed, the idea of balance is still a valid one. In fact, the whole basis of Resolution 242 is a balance of obligations and commitments. The problem of Palestinian refugees is one of the items in that balance. The resolution affirms the necessity "for achieving a just settlement of the refugee problem", and this problem should be at least broached simultaneously with the other matters I have mentioned. Canada has not forgotten these refugees. We are the third-largest contributor to the United Nations agency which looks after their needs and we have just increased by \$550,000 our contribution for the current year.

The main thing now is quickly to get around to negotiating "under appropriate auspices" as Security Council Resolution 338 has it. To us, it would seem that the United Nations offers appropriate auspices. Others have mentioned the great powers, or some of them. We should hope that they would exert their influence to stimulate the parties to begin negotiations. To the Canadian Government any auspices would seem appropriate that provide a means whereby talks can begin on the essential aspects of the problem.

For more than 25 years, the United Nations has played the role of mediator, peace-keeper and truce-supervisor in the Middle East. We cannot yet be sure that peace is any closer now than in 1948, 1956 or 1967. Once more, the parties in conflict are calling upon the United Nations to step in and give them time -- time that can be used to negotiate for peace or to prepare for war. The Canadian Government, in agreeing to contribute its part to the UN peace effort, is not taking on this commitment in a spirit of blind optimism. We have had too long an experience in this field, the United Nations has had too long an experience in trying to find a peaceful settlement in the Middle East, for anyone to be afflicted with that particular defect. We consider that we have a responsibility to the world community and to all the people of the

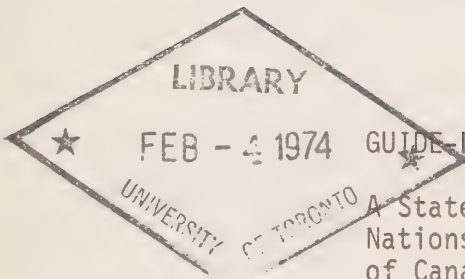
Middle East to do what we can to give them another chance to achieve a peaceful settlement when the fighting has stopped. That is the purpose of UNEF, and the reason for our participating in it. In putting forward this resolution, therefore, I am asking the House to agree that Canada should do its international duty.

S/C



Statements and Speeches

No. 73/24



GUIDE-LINES FOR UN PEACE-KEEPING OPERATIONS

A Statement in the Special Political Committee of the United Nations by Mr. Saul F. Rae, Ambassador and Permanent Representative of Canada to the UN, on November 28, 1973.

On the surface, the Special Committee on Peacekeeping Operations does not appear to have been able to record substantial progress in its work in the past year. However, the work of the Committee, particularly in the less-formal deliberations of its Working Group, has served to clarify the issues and assist in a sustained search for workable guide-lines for UN peacekeeping operations. The recent decisions of the Security Council concerning the establishment of a United Nations Emergency Force in the Middle East have, in a dramatic way, illuminated several of the basic issues that have been the subject of close attention and discussion in the Special Committee. Events of the last few weeks may similarly have contributed to the clarification of these issues, and of the attitudes of states. At the same time, however, we must recognize that, in the case of the second UNEF as in the case of the first, and even with the long and varied United Nations experience in peace-keeping and peace-observing, the administrative mechanisms and accepted procedures available for this purpose require strengthening. The objectives of the Special Committee — to codify the principles that should govern peace-keeping and to develop the required institutions and methods to implement peacekeeping decisions promptly and effectively — remain as valid as ever.

The continuing importance of peace-keeping as a UN instrument for the maintenance of international peace and security was underlined by the Honourable Mitchell Sharp, Secretary of State for External Affairs, in his statement to the General Assembly on September 25. He said the following: "Canada remains prepared to play its part in peace-keeping and peace-observation. But we have learned a lesson from our long and frustrating attempts to have these peace-keeping bodies operate objectively. The lesson is this — peace-keeping and peace-observation operations stand the best chance of success if they are conducted under the authority of the United Nations Security Council."

In this regard, we were most interested in the statement of the United States Secretary of State before the General Assembly on September 24 that the United States was prepared to consider how the Security Council could play a more central role in the conduct of peacekeeping operations.

It would appear that a consensus on some aspects of authorization and control of peacekeeping operations may have begun to emerge from the recent decision of the Security Council on UNEF. One cannot touch on this aspect without paying tribute to the Secretary-General, who has contributed in an important way to the development of principles and guide-lines that should govern peacekeeping operations in his first report to the Security Council on the setting-up of the UNEF, which was approved, with modifications, by the Council on October 27, 1973 (Document S/11052/REV 1). This document, like Mr. Hammarskjöld's first and second reports on the setting-up of the first UNEF in 1956, will no doubt take its place amongst the primary sources of background documentation and experience for the future study and elaboration of peacekeeping guide-lines.

The Secretary-General has been entrusted with heavy responsibilities with respect to the actual setting-up of the Force. He and his staff have once again had to improvise and to solve new problems as they presented themselves. My delegation has been consulting and working closely with the Secretariat in relation to the Secretary-General's request to Canada to despatch a Canadian contingent for logistic support of the Force, in close co-operation with Poland. In this close association, we have had the highest admiration for the manner in which he and his senior associates in the Secretariat are discharging their most difficult assignment, with energy and devotion.

In the case of the new UNEF, there has been greater co-operation between members of the Security Council than ever before. This was made possible, in part, by policies of *détente* and the dialogue that has been pursued by permanent members of the Security Council and, in part, by the constructive efforts of all its members to find workable solutions. The United Nations Charter embodies the essential conception of the primary responsibility of the Security Council for the maintenance of international peace and security. After a long period, we are witnessing movement towards this conception, to the point where the permanent members, conscious of the expectations of the international community and of each other's interests, and in the face of a threat to international peace and security, have been able to work together in the Council, or at least to refrain from exercising their right of veto. The willingness of the Security Council, and particularly of its permanent members, to accommodate and harmonize their positions for the broader benefit of the parties to the dispute, and of the international community, is, we hope, not a fortuitous occurrence but a new beginning.

There have in the past been protracted disagreements over the methods of operation and financing of peacekeeping missions. This has also led to considerable disruption in the activities of the UN and has placed the organization in an unsatisfactory financial situation from which it has not yet fully recovered. While we have had on this occasion to devise a special scale of assessments to defray the cost of UNEF, my Government believes that the regular scale of assessments, which adequately reflects the special responsibilities and duties of the permanent members of the Security Council and the capacity to pay of all the members of the UN, should normally apply to peacekeeping operations. In Canada's view, members should seize the present opportunity and the new mood within the Security Council and the General Assembly to examine how the methods for the financing of other peacekeeping operations, such as UNFICYP, might be reviewed in order to put them on a firmer and more equitable footing.

Another important element brought out by the recent decisions of the Security Council was that the composition of UNEF should be balanced in terms of equitable geographic distribution. This has the essential advantage of ensuring that the Force being authorized will enjoy a broad basis of support and participation through its international character. In this way, a growing number of UN members will obtain firsthand experience of the problems of peace-keeping. Wider participation from all regional groups can strengthen the operation, and strengthen the political consensus on which it must be based. At the same time, great care should be taken to ensure that the conception of balance is applied in each case with a sense of the practical and the efficient. The conception of balance does not imply a process of arbitrary head-counting; it must be interpreted with measure as one of a number of guide-lines. To apply it rigidly could make the task of the Secretary-General in setting up a peacekeeping force or a peace-observing mission a most difficult one, and render such operations unwieldy and inefficient. Balance in composition is important, but it will be no less important to the future viability of UN peacekeeping operations that they be carried out in an effective and efficient manner. Canada, for its part, will agree to participate in a peacekeeping or peace-observing force only if satisfied that we would have a clearly-defined functional role to play, and if our participation is acceptable to all parties concerned.

Mr. Chairman, another important element in the mandate the Security Council gave to the Secretary-General was the decision, reflected in Resolution 340 of October 25, that UNEF should be composed of personnel drawn from states members of the UN except the permanent

members of the Council. With diverging interests of some of the permanent members in the Middle East conflict, we welcome the restraint shown in the present instance, without accepting this as a precedent to be applied for all time and in all cases.

The Security Council has from the outset emphasized the importance of negotiations between the parties concerned under appropriate auspices aimed at establishing a just and durable peace in the Middle East. There is a strongly-expressed intention to link peace-keeping with peace-making. To my Government, this link is one of the important elements that went into our decision to participate in the present UNEF. The initial time-limit of six months that has been given to UNEF by the Security Council may not, in practice, be sufficient to enable it to fulfill its mandate. This mandate must be kept under close review in relation to any progress that, one hopes, can be made in the reduction of tensions and movement towards definitive settlement.

The Special Committee on Peacekeeping Operations may now be well placed to intensify its efforts to achieve agreed guide-lines for carrying out peacekeeping operations. In its resumed work, it will be timely to review, in the light of recent UNEF experience, the manner in which the Committee is examining the responsibilities to be exercised directly by the Security Council in the prompt establishment, direction and control of peacekeeping operations. A further approach would be to proceed along lines already developed by the Committee in its work this year — namely, to examine in detail respective responsibilities for peacekeeping operations of each of the major UN organs involved. Some fundamental differences on the respective roles these would play, and on the best way of maintaining a satisfactory balance between them, still exist. We shall have to grapple with such differences.

It was in an effort to stimulate new ideas and new approaches towards an accommodation of diverse positions that my delegation tabled its working paper a year ago (A/SPC/152 of October 10, 1972). Our proposals envisaged a system of shared responsibility between the Military Staff Committee of the Security Council and an international headquarters staff operating under the Secretary-General, which would constitute a pool of expertise in peacekeeping planning and the day-to-day conduct of peacekeeping missions. We continue to believe that the ideas contained in these proposals offer a practical solution to the problems of command, control and operation of peacekeeping forces, and a viable bridge between previously-established positions on these complex and difficult issues.

At the same time, we have studied carefully and with great interest the contributions and suggestions that have been provided by a number of other countries. We see particular merit in this respect in the recent memorandum (A/9144, dated 7 September 1973) put forward by the British Government. It suggests an imaginative procedural formula indicating possible solutions to the main problems of decision-taking in terms of Article 27, Paragraph 3, of the Charter.

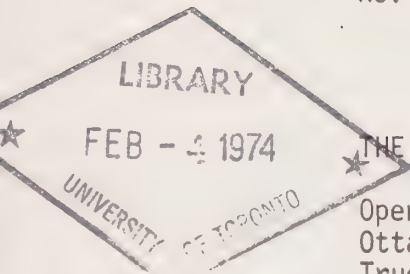
In conclusion, Mr. Chairman, I trust that my remarks will leave no doubt as to my delegation's conviction that the Special Committee retains an important role to play. The most recent UN peace-keeping operation — the second UNEF — has abundantly demonstrated the need for continued progress. It has put in high relief the relevance of the Committee's aims, and it should lend a renewed sense of urgency to its work.

S/C



Statements and Speeches

No. 73/25



★ THE COMMONWEALTH — AN ASSOCIATION UNSTRUCTURED AND UNFETTERED ★

Opening Statement to the Commonwealth Heads of Government Meeting, Ottawa, by the Prime Minister, the Right Honourable Pierre Elliott Trudeau, August 2, 1973.

* * * *

I hope that each one of you will find this gathering to be as valuable and as irreplaceable as I have found those Commonwealth meetings I have attended elsewhere. Since men and women first gained the gift of speech, they have been aware of the importance of wise counsel and of the value of communicating honestly and fully with their neighbours. Today, when the term neighbourhood has been extended by science to include every nation, wherever located, the need for communication has increased immensely. And today, when technology has deepened our awareness of a better life much more rapidly than we have been able to acquire it, the need to understand one another has become critical.

Within the Commonwealth we have the opportunity and the means for both communication and understanding. In this forum of discussion all Commonwealth members are equal. None is senior; none is superior. None is distinguished by economic self-sufficiency; none is possessed of all political virtue. In our discussions the next few days, I have no doubt that we shall be able to demonstrate to one another and to the world the advantages of our dissimilarity, the richness of our diversity, the excitement of our variety. We shall be able to do so because we are members of an association, not an institution. In this Commonwealth there is no structure to contain us; there are no fetters to chafe us. The Commonwealth is a reflection of its 32 members and of their desire to consult and co-operate with one another. There is no artificial adhesive. Nor is there any voting, any constitution, any flag, any headquarters. This association is neither regional in nature nor specialized in its interests. The Commonwealth is an organism, and this fact guarantees both its vitality and its flexibility.

At this meeting, several steps are being taken in an attempt to respond to the need for more effective communication. First, it is proposed that meeting procedures be less rigid and less formal than in recent years; second, the shorter agenda reflects the fact that many international issues are interrelated and are best examined in a broad context; third, the weekend arrangements promise two

days of private and unstructured conversation between heads of delegation. Through these means, I hope that the value of our unusual meetings will be increased even further, and that we shall be able to exploit to our advantage our diversity.

Diverse we may be, but that condition has not in the past been employed as an excuse for deviation from certain principles: there is no dissimilarity of views with respect to our regard for human equality and dignity; the economic disparity that exists among us only intensifies our resolve that it be diminished; our belief in the value of association and co-operation is genuine.

The word Commonwealth has been employed again and again by scholars, writers and statesmen over a period of several thousand years. The conception has varied widely in the minds of such persons as Plato, Locke and Oliver Cromwell, yet none of those conceptions has met so well the acid test of practical application and value as has the one that brings us together in Ottawa this week. To contemporary observers and, I am confident, to future historians the word Commonwealth will be irrevocably associated with the desire of free men and women representing more than a quarter of the world's population to gather, to discuss and to understand.

It is in that Commonwealth that we recognize this morning two new members, Bangladesh and Bahamas. To the Prime Ministers of those countries, and to those of our colleagues from other countries attending this meeting for the first time, I offer a warm welcome.

In the 30 months since we last gathered in Singapore under the distinguished chairmanship of Prime Minister Lee Kwan Yew, the world has undergone sweeping changes of considerable significance: The People's Republic of China has taken its place in the United Nations. The shock-waves of the United States August 1971 economic policies travelled around the globe, affecting most heavily the developed countries. Immensely important steps were taken by the United States and the Soviet Union, on the one hand, and by the United States and the People's Republic of China, on the other, to ease the tensions of the Cold War and to permit progress toward *détente* and friendly relations. As one consequence, the first round of the Strategic Arms Limitations Talks was successfully concluded; as another, the European Security Conference was launched earlier this summer. The European Economic Community expanded from six members to nine, one of the additions being Britain. A tragic series of events on the Indian subcontinent resulted in the severing of the two wings of Pakistan and the emergence of a new state, Bangladesh. That severance was followed by the withdrawal of Pakistan from the Commonwealth. The scale of hostilities in

Indochina has decreased considerably, and American involvement in Viet-Nam has ceased completely. The Organization of African Unity celebrated the tenth anniversary of its founding and, in doing so, chose as its new Chairman our colleague, General Gowon. The Commonwealth nations in the Caribbean have taken an historic giant step toward closer co-operation.

During the same period, however, a number of the disturbing situations that faced us at Singapore have shown no signs of change: The Middle East remains as potentially explosive as before. The tensions created by the rigid policies of the racist regimes in Southern Africa have, if anything, heightened. The spectre of long-term food and commodity shortages continues as crops have suffered from damaging weather patterns. The economic gap separating the have and the have-not countries has not diminished appreciably, notwithstanding the admonitions of the third UNCTAD Conference.

If one is able to draw some broad lesson from this period of two and a half years, it may be that it is found in the abundant evidence that diplomatic initiatives, properly prepared and sincerely pursued, are capable of producing successful outcomes. The world is closer to peace today than it was in January 1971, and it is so because sufficient numbers of world leaders have come to recognize that force and aggression carried on in the name of government are incapable of solving any problems. Arbitrary policies that consciously deny dignity and freedom to any group of people are evil, and they are no less so for being clothed in elaborate wrappings of *la raison d'état*.

None of us in the Commonwealth is so powerful or so self-sufficient that he is able to act independently of the opinion or the assistance of others. None of us disregards the value of consultation and co-operation. We are able in these gatherings of heads of government, and, by extension, in those other groupings to which we belong, to ensure that we understand one another's problems and one another's aspirations.

That, to me, is the significance of our association. I am not, at this meeting, in search of a new role for the Commonwealth, or indeed any role. The Commonwealth is for many of us our window on the world. Over the years, its importance will deepen largely because it has no specific role, but emphasizes instead the value of the human relationship.

The nature of our meeting does not lend itself to the resolution of any crisis, or to the solution of any major problem. By looking to

the future, however, we should be able to identify those issues which, if left unattended, could develop into crisis proportions.

Men and women have been unwise and short-sighted in their occupation of this planet. Through greed or ignorance or indifference, or a combination of all three, the human race finds itself increasingly out of balance and out of harmony with the habitat on which it depends for survival. We are poisoning our atmosphere and our oceans at an alarming rate; we are exploiting our resources as if they were inexhaustible; we are coping ineffectively with the task of providing food and shelter to millions; we remain incapable of occupying the earth peacefully with one another, or of sharing equitably the means required by every individual to permit him to lead a life of dignity. The resolution of these long-standing problems is beyond our means in the next week.

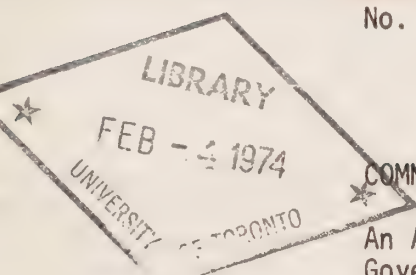
Nevertheless, I am confident that, through wise consultations and actions now, those problems can be better understood and circumscribed, the future can be made more wholesome and more attractive for the inhabitants of all our countries. I consider the worth of our meeting to be found in the opportunity it provides for that kind of consultation.

S/C



Statements and Speeches

No. 73/26



COMMONWEALTH MEETINGS — THEIR SPECIAL CHARACTER

An Address to the Closing Session of the Commonwealth Heads of Government Meeting, Ottawa, by the Right Honourable Pierre Elliott Trudeau, Prime Minister of Canada, August 10, 1973.

These rooms have witnessed in the past week a wide variety of views on matters political, economic and social. In that respect this international meeting has not distinguished itself from any other. Yet no one here would doubt for a moment that these Commonwealth conferences are distinctive. They are distinctive, I believe, for two reasons that were very evident in our deliberations this past week.

The first is the obvious dedication of Commonwealth leaders to the betterment of their peoples. Not here are there propounded — or vigorously defended — schemes or programs designed for the glory of the state. Here we are concerned with the dignity of individual human beings and the improvement of the lot of ordinary men and women.

The second distinction is a willingness on the part of all of us to believe that, should the policies of other Commonwealth governments sometimes appear misdirected or lead to disappointment, this is as a result of error, or inefficiency, or lack of discipline; it is not the consequence of purposeful intent.

In short, within the Commonwealth there is a willingness to help one another, and a willingness to believe that that help is genuinely offered.

Given those beliefs, this association is far different from those others to which we belong in various groupings. Here we are able to speak to one another with a candour unknown elsewhere. We are not reluctant to describe our individual weaknesses, our dreams for our peoples, our belief in the value of human life, our dedication to the ideals of co-operation and understanding. We are not fearful of admitting that we do not know all the answers, that our ignorance has led to mistakes, that our patience with ourselves and with one another is sometimes sorely tried.

In areas as diverse, yet as interrelated, as the flow of private investment capital and the operations of multinational corporations, on the one hand, and the plight of suppressed majorities in Southern

Africa, on the other, we have learned that our differences relate only to the means of attaining our goals, not to the goals themselves. Our arguments have been directed to the question of effectiveness — what will work, what is possible, what are the best instruments for serving our peoples.

We have not found specific solutions to concrete problems. Nor, I think, did we believe a week ago that we would. If this is a failure on our part, as some outside this conference suggest, it is a failure of our conception of this meeting. We find value in gathering together periodically because we believe there is merit in candid talk. There is no other forum available for this purpose for political decision-makers from all parts of the world. And certainly none where we all speak the same language.

If solutions have escaped us, information and understanding have not. Nor has commitment. Commitment to work toward solutions both co-operatively and individually. We have used this meeting as a place where solutions can be proposed and considered.

What we have learned from these considerations — and not completely to our surprise — is that we are not now able, no matter how firm our will, to solve many of our problems. We need more information, for one thing. We need more boldness, for another. In the words of Prime Minister Manley: "We must develop the capacity to make intelligent judgments." There have been a number of suggestions as to how we might do so. If I have sensed correctly the mood of this meeting, there is a desire to search for the means. Surely we should not permit ourselves to stumble over the barrier of inadequate facts or statistics.

We need to know more about the costs of shipping and the effects of shipping conferences. We need to know more about the operations of multinational corporations. We have insufficient understanding of how to control the mechanisms which permit manufactured goods to be priced according to cost, but which force commodities to be priced according to the market. We are still woefully deficient in our knowledge of the development process, of the stimulation of growth and the absorption of aid, of the transfer of resources and the implementation of adequate controls. Although we recognize the advantages of airline links among us, and the impact on our societies of migration, we differ in our assessment of each because we do not possess sufficient information about either.

Over these, and over other of the factual roadblocks that we have encountered, I hope that we are able to climb before we next meet.

I should like to suggest that studies be made of these problems, perhaps by the countries best able to conduct them. The Secretary-General could co-ordinate these studies and ensure that they are concluded and circulated before we next meet. Our discussions then could proceed, supported by the foundation of knowledge so necessary for progress.

When we return to our own capitals...we shall be asked by our electorates what we did this past week — asked what we accomplished. We talked, we shall tell them. We sought, and gained, a greater understanding of the position of one another. We agreed again and again, as Prime Minister Kirk pointed out to us, that we would seek constructive solutions. We came to know one another better, and all of us regard this as good — good for now and good for the future, good for us as leaders and good for our peoples.

We should, however, be asking ourselves, each in different terms, if we possess adequately the resolve to face reality — to face reality as well as we speak candidly. In the past week, we have encouraged one another to face facts. But how many of us have in mind facts of a single dimension — a dimension that emphasizes our own national interests and diminishes the difficulties faced by others?

In one major respect, our deliberations this past week have been markedly different than in recent conferences. We have spoken with candour as we have in the past, but we have recognized that candour carries with it the responsibility of seeking constructive ends. Our intention to pursue such ends may well come to be marked by General Gowon's phrase "the Ottawa Plan". Without question, it is that constructive mood that has enabled us this week to examine so intensively techniques of burden-sharing. It has also permitted fresh initiative with respect to Rhodesia. To Prime Minister Barrow we are all indebted for the compelling manner in which he forced us yesterday to come to grips with that lingering problem.

We broke new ground at this meeting in our discussions of the business of governing. There is no graduate school to prepare heads of government for their tasks, no sabbatical refresher courses, no evening seminars or summer-schools. Unless we talk to one another about our experiences and techniques of governing, we are not able to broaden our own horizons. This morning we did talk, we did share and, I think, we did benefit.

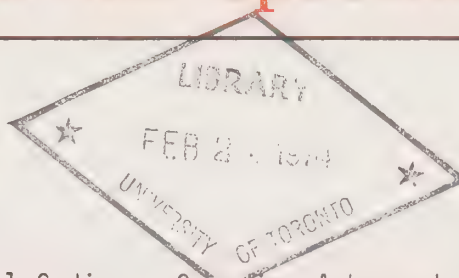
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S/C



Statements and Speeches

No. 73/27



THE COMMONWEALTH

An Address by Mr. Marcel Cadieux, Canadian Ambassador to the United States, to the International Relations Club, Seattle, September 20, 1973.

A journalist covering the recent meeting of Commonwealth heads of government in Ottawa complained to Her Majesty the Queen that the name of this strange organization — "Commonwealth" — didn't really convey any idea of its nature or purposes. "Well" Her Majesty observed dryly, "we used to have another name for it." It is perhaps because the Commonwealth is a lineal descendant of the British Empire that many people in the world think of it — if, indeed, they think of it at all — as a British club, with some of the anachronistic quaintness that is the charm of so many of the older clubs of London. Certainly the Commonwealth is widely thought of as a British invention — not least, I suspect, by the British themselves. You may wonder, indeed, why a Canadian ambassador should choose to speak on this subject to an American audience. I certainly do not do so with any feeling that there is still a need to dispel the sort of misconception held 20 years ago by a Congressman from Chicago who proposed that the United States "accept" Canada from Britain in return for writing off British war debts!

I do think that the Commonwealth is worth taking a look at as a unique international association, the 32 members of which include the world's second-largest nation, India, and many of the smallest, rich and developed nations as well as poor and growing ones, nations with many systems of government, alliances and perspectives, different interests and problems. One may wonder, indeed, what on earth this heterogeneous collection of independent states located in every continent of the world can possibly have in common.

Historically, of course, the origins of the Commonwealth are in the British Empire, even if the evolution was by no means inevitable or even logical. Other colonies have developed into independent states without continuing any similar association among themselves and with their former rulers, although it is perhaps not too far-fetched to see in the recent encouragement by France of La Francophonie as an international community a realization of the value of such associations. Another unifying factor almost too obvious to be mentioned is, of course, a common language. The recent conference in Ottawa is surely one of the few world meetings to span so wide an

area and represent so many hundreds of millions of the world's people where there was no need for interpreters. To have a common language, together with many common traditions of government, law, education, and culture, does make it possible for Commonwealth leaders to talk together with perhaps a greater degree of genuine understanding than is possible in any other world forum.

I am not about to recommend to you that we scrap the United Nations, NATO, the Organization of American States *et al.*, and leave the running of the world to the Commonwealth. I am trying to show that this association has, for Canada, a very important place in our view of the world, and by no means only for historical or sentimental reasons. The recent conference in Ottawa — the third only ever to have been held outside London, was for us an important event, even if it did not produce historic decisions, ringing declarations, or any of the other results by which we have become accustomed to judge the success of international conferences. As our Prime Minister, Mr. Trudeau, said in his speech of welcome opening the Conference: "The nature of our meeting does not lend itself to the resolution of any crises, or to the solution of any major problem. By looking to the future, however, we should be able to identify those issues which, if left unattended, could develop into crisis proportions."

This is not to say that the Commonwealth has not had its crises, or that it is in any way immune from the rifts and tensions of the world. Given their composition, it would be surprising if Commonwealth meetings did not reflect the differing attitudes of developed industrialized nations and those seeking aid and opportunities to reach the same level of prosperity. Racial tension in Southern Africa has also been an issue that has more than once threatened the very survival of the Commonwealth. In this forum, as in others, the free nations of Africa have passionately urged stronger measures to bring down the white minority regimes of Rhodesia, South Africa, and the African colonies of Portugal, and have been less than satisfied at the response.

If the Commonwealth has been no more able to solve this problem than has any other international body, it has nonetheless provided a forum in which the heads of government can discuss their differing perspectives informally, frankly, and with a solid basis of mutual sympathy and understanding. African leaders may still think that Britain should use force to topple the Smith regime in Rhodesia, that all of us should break off economic relations with South Africa, and that we have a duty to give maximum support to groups seeking to organize armed rebellion against white minority

regimes in Africa. Indeed, they almost certainly do believe all of these things, and discussions on these matters could have left us in no possible doubt of the passionate sincerity with which they hold these opinions. At the same time, it is perhaps easier for them to realize in informal discussions with non-African Commonwealth leaders the very real problems and uncertainties that have led to a more cautious approach by such countries as Britain and Canada, and, however much they may disagree with our policies, they are perhaps less likely, through the very nature of the discussions, to attribute evil motives to us.

African questions were an important subject of discussion at this conference, as in previous ones — happily without the overtones of crisis and confrontation that have sometimes existed in the past, as at the previous Commonwealth heads of government conference in Singapore, where Britain's intention to sell military equipment to South Africa was a major subject of controversy. Another issue that was raised at this conference was that of nuclear testing. As you know, Pacific Commonwealth nations, in particular Australia and New Zealand, have been active in their opposition to the recent series of atmospheric nuclear tests conducted by France, which Canada has also condemned. While not singling out any country by name, the conference did express opposition to all forms of nuclear testing and called for a comprehensive test-ban agreement.

No international conference today would be complete without a discussion of world economic problems, and this conference did not by any means neglect them. For the Commonwealth, of course, one of the important new facts of life is that Britain is now a member of the European Common Market — a fact that has important economic consequences for all other members, and perhaps most of all for developing countries in the Commonwealth. The old system of Commonwealth trade preferences is no longer operative for Britain, and it is not yet clear what arrangements will be possible for developing countries in their trading relations with the Common Market as a whole.

Given the composition of the Commonwealth, it is no surprise that problems of aid and development were an important item in the economic discussions. There was also considerable attention given to the problems of international trade in the context of the needs of developing countries. These problems range from the efforts now being made to establish a system of preferences, under the GATT, for the products of developing countries, to the much more complicated question of fair and stable prices for primary agricultural products, such as coffee, sugar and cotton, on which so many of the developing countries depend for their foreign-exchange earnings.

I shall not go on to list all the problems that were considered at the conference; they are the problems of the world, and I fear they remain unsolved even after being given a week of such high-level examination in Ottawa. As I said earlier, quoting our Prime Minister, it is not really the function of these conferences to solve problems so much as to make the participants aware, not only of the problems but of the views and perspectives — and, indeed, of the degrees of importance given them — presented by their colleagues from every corner of the globe. Ideally, no doubt, this development of mutual comprehension would be one of the results of the annual sessions of the United Nations General Assembly, but I do not think that this has been the experience of many attending these sessions in New York. How could it be, in an organization of 123 members of differing languages, traditions and conceptions of the world?

For Canada, the Commonwealth is important for a number of reasons. It is, of course, a part of our history — and if our British friends claim the credit for its invention I think we can claim with equal truth that the Commonwealth evolved from the unique process of amicable decolonization that brought Canada to peaceful independence. It is also, in a very real sense, one of our primary windows on the world. It is an illogical organization, with no constitution, no primary function, and no defined world role. Perhaps for that very reason it can bring together statesmen from every part of the world — not to agree, not to solve world problems, not to create a new world order, but simply to exchange views and understand each other better.

For Canada, and perhaps also for most of the other countries making up the Commonwealth that neither are nor aspire to be great powers, this is perhaps sufficient reason to value the nebulous Commonwealth association. We all have other associations, deriving from our respective geographical, economic and security imperatives — and membership in the Commonwealth does not preclude them. But, for Canada — in a way that would not be relevant for a great power as super-power, where global interests and perspective are almost taken for granted —, it is important that our image of ourselves should not be too much circumscribed by our geography or even by our immediate economic and political concerns. This has led us not only to value our Commonwealth association but to be active in developing our contacts with Europe, with the Organization of American States, and with our neighbours on the shores of the Pacific Ocean. Each of these associations has its own practical value; together, they help develop international awareness and even an international personality for Canada.

S/C



Statements and Speeches

No. 73/28
(Corrected version)

A DEMONSTRATION OF BEAUTIFUL EQUALITY — COMMONWEALTH HEADS OF GOVERNMENT MEETING IN OTTAWA

An Address by the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Commonwealth Association of Architects, Ottawa, November 5, 1973.

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Over the past 20 years, to use extravagant language such as excellent, or extraordinarily successful, to describe a Commonwealth heads of government conference would have invited accusations of being, at best, diplomatic to a fault or, at worst, dishonest. However, this conference was excellent. And this was not because it was held in Canada or because the Canadian Prime Minister or the Canadian delegation dominated the proceedings. It was partly because no one person or issue dominated the proceedings. As Prime Minister Trudeau said at the time: "I think there is what I would almost describe as a beautiful equality. The people who get the most done are those who make the brightest interventions and on one subject it might be one country and on another it might be another." All leaders had their say, and it would be invidious to pick out star performers.

A most striking aspect of this past heads of government conference was the change from the meeting held in Singapore in 1971. That meeting, as you may recall, had been marked by acrimonious and protracted debate, chiefly over the question of the sale of arms to South Africa. As that debate developed, so did the risk of a Commonwealth polarized in large part along racial lines into antagonistic camps.

In contrast, the Ottawa meeting was relaxed. It allowed easy and frank exchange of views. It was an atmosphere in which *rapprochement* and understanding between the leaders had an opportunity to develop — and this, more than specific agenda items, is one of the primary objectives of a heads of government meeting.

But how was this change brought about? The answer lies partly in careful preparation — in applying the lessons of past conferences to the framing of new ground-rules. The decision to exclude all but the most immediate advisers from the heads of government discussions had a very beneficial effect. There was no gallery



for anyone to play to. It enabled the heads of government to have more direct, frank and spontaneous communication with one another.

Another primary reason for the success of the conference was that finally it seems to have been accepted that the modern Commonwealth does not revolve around Britain, even though that country, which was once the imperial power, will always have a special place that cannot be filled by any other country. However, while this new maturity of the Commonwealth has been recognized at the top, there is still a task to be accomplished in persuading political figures, officials and editorialists in the member countries not to identify their relations with Britain with their relations with the Commonwealth.

As the Ottawa conference developed, Britain became accepted more and more as an equal member. This meant that the heads of government were able to deal with real problems and not the old emotional battles that had so often prevented them from getting a constructive grip on substantive issues.

There was some talk before the conference and at the time that the vacant space at the hub of the Commonwealth might be occupied by Canada. I think it was clear at the conference not only that Canada does not seek such a role but that such a position would be wholly contrary to our conception of the Commonwealth as a body of equals. There is, after all, nothing like it anywhere in the world. At the United Nations there is an institutional distinction between the great powers and the others. There is no other precedent in the world for so many heads of state to gather together periodically to discuss informally and directly their common problems and objectives. When I addressed the United Nations General Assembly in New York in September, I made the point that too often the formal voting process leads to barren and abrasive confrontation. I suggested that consensus — the technique increasingly used at Commonwealth heads of government meetings — was frequently a more effective method.

I have not discussed the many other features of the Commonwealth that make it such a flexible and valuable instrument. I am sure that the growing achievements of the Commonwealth Fund for Technical Co-operation, the Commonwealth Foundation, those of co-operation in youth and education and so many other fields are well known to you. And it is for this reason that I have concentrated in these brief remarks on the new maturity of the

heads of government meetings. This maturity was important not just for the successful outcome of the last meeting but important for the future of our unique association.

Another feature that is indispensable to the value of the Commonwealth is the successful combination of governmental with non-governmental activities. Organizations such as yours are very much a reason why the Commonwealth is such a going concern today.

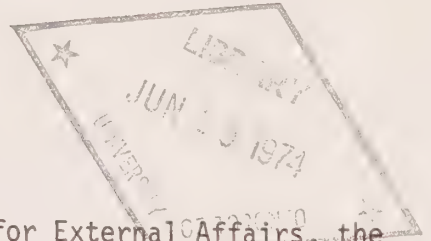
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Statements and Speeches

No. 73/29
(corrected version)



CANADA AND THE EUROPEAN COMMUNITY

Statement of the Secretary of State for External Affairs, the Honourable Mitchell Sharp, to the Canadian Institute of International Affairs in Ottawa, on November 2, 1973, delivered by Mr. Pierre DeBané, Parliamentary Secretary to Mr. Sharp.

...We are indebted to the CIIA for the focus it is giving to the European Community — and for the timeliness of this conference, which coincides so neatly and usefully with the official visits to Ottawa of Sir Christopher Soames and his delegation of European parliamentarians. It is my hope that exchanges of this nature will be seen in a wide context — as a part of that dialogue between Canada and the Community that was called for in the communiqué following the European Community summit meeting last October.

For reasons related as much to the evolution of the European Community itself as to immediate Canadian interests, the conference is devoting its attention in large part to economic issues — to questions of trade, industry, agriculture and energy. At the same time, and at the risk of stating the obvious, it is necessary to recall that Canada's relations with Europe have never been, nor are exclusively — or even primarily — based on trade. History, common values, for many of us, common European origins and the sentiment deriving from these factors are the source of continuing and potent links with Western Europe.

The relation, then, is strong and firmly rooted. But it is not static. Sir Christopher Soames and many of you will remember that Canada's approach to the development of the European Community was not always enthusiastic. But as the Community itself developed, as its institutions and its outlook expanded, there has been a responsive evolution in the Canadian attitude toward the Community.

The Canadian attitude has also been shaped by recognition of the world stature of the European Community. The increasing cohesion of the Nine is not simply a matter of new institutional arrangements in Europe. It also represents a growth of real power — self-confidence and influence — which has significantly altered the world balance of power.

The Canadian reaction to these developments was expressed by Prime Minister Trudeau in the message he sent to Prime Minister Heath on the occasion of British accession to the European Community. The message read in part:

"I should like to congratulate you and your European partners on this splendid example of co-operation. Canadians admire the audacity of concept of the new Community and the skilfulness with which it has been designed. We have confidence that the economic strengths which will flow from it will be employed in a fashion of benefit, not just to the partners but to all members of the international community. A co-operating, prospering Europe has much to offer to the world in friendship, in trade, in economic assistance, and in example."

If that is our basic philosophical approach to the Community, there is also a very practical foundation to our desire for closer and broader relations. One such foundation is, very simply, statistics. Total trade between Canada and the enlarged Community amounted in 1972 to some \$4.6 billion. Canadian exports to the Community in 1972 were some \$2.5 billion. And I understand that for the first six months of 1973 they show an increase of approximately 14 per cent. This makes the European Community by a wide margin the second-largest of our trading partners — and we are confident that the volume of trade between Canada and the Community will continue to grow. The figures speak for themselves. To Canada, a country heavily dependent on international trade, mutually beneficial dynamic relations with the European Community are vital.

In another very practical way, an expanding relation with Europe is an essential feature of one of the Government's most fundamental policies. This is the policy to diversify — to reduce the vulnerability of the Canadian economy to one continental market — to maintain our freedom of action on the international scene — and, equally important, to preserve and nourish our individuality.

In this perspective, the importance of an alternative and readily accessible major market that combines economic, cultural, historical and linguistic links is very clear.

At the same time, let me be equally clear in stating that we were not thinking of substituting Europe for the United States as a trading partner. We are North Americans and the United States, of course, remains our most important partner.

But the mere acknowledgement of this fact does not lead us to accept the constraints of any so-called continental determinism. We believe we can multiply our exchanges with other countries, particularly in Europe, with a view to promoting the cultural life and economic prosperity of Canadians without loosening in the process our vigorous ties with our southern neighbours.

Canadian interest in the enlargement of the European Community and our parallel goal of expanding relations with the Community have taken a number of forms. At the ministerial level there have been visits by both myself and by the Minister of Industry, Trade and Commerce to Brussels and to other capitals of the member states of the Community. We have attempted — and I think with some success — to establish in the minds of the Community and of its individual members the distinctive character of our position.

These ministerial visits are complemented by increasingly frequent and regular contacts with the Commission at the senior official level and by parliamentary exchanges. I am very pleased that Sir Christopher is accompanied by a number of senior officials of the Commission who are holding bilateral official discussions with the Canadian side. These ongoing exchanges mark a further development in the dialogue between the Community and Canada.

Another important development in the maturing of our relations with the Community has been the appointment to Brussels of a separate ambassador as head of our mission to the European Communities. I hope it will not be long before this is reciprocated by the opening of a representation by the Commission in Ottawa.

In terms of trade and economic relations, we see a continual expansion of our relations with the European Community. We are working closely with the Community in international forums — particularly on the General Agreement on Tariffs and Trade — towards an even greater liberalization of world trading conditions. Both my colleague the Minister of Industry, Trade and Commerce and I have been encouraged by the constructive attitude the European Community has been taking in the preparations for the forthcoming multilateral trade negotiations. This positive spirit is a good augury for future Community dealings with the rest of the world.

But there is an aspect of the Community's relations with the world that causes us some concern. This relates to the increasing number of preferential arrangements the Community has, or is negotiating, with a number of countries — in particular those that were formerly colonies of its member states — that discriminate against third countries, including Canada. We continue to believe that these arrangements require further attention.

However, I would not wish to exaggerate their importance. There are many other indications that the Community is and intends to become an increasingly responsive and outward-looking participant in world affairs.

Canadian interest in the attitude the Community will take to its responsibilities to the world community is, of course, natural. Canada, perhaps more than any of the other industrialized nations, is dependent on an increasingly free and open world order, particularly in the economic and trade spheres. It is clear that we have a "vested interest" in the increasing liberalization of conditions of trade throughout the world. It is highly important to us that bloc confrontations, about which there has been some recent concern, be avoided. The importance of a generally outward-looking world view from the European Community cannot be underestimated. In any confrontation between economic giants such as the enlarged Community, the United States and Japan, we should all stand to lose — Canada more than most.

Our reasons for seeking to maintain and broaden our dialogue with the Community are clear — and, in our terms, imperative. Our objective has been to seek with the Community a long-term agreement that would cover the broad range of Canadian/European Community relations and would complement existing trade arrangements such as those under the aegis of GATT. Such an agreement, which would provide for regular consultations, might range much more widely, to cover fields such as energy, natural resources, investment, industrial co-operation and environment. We realize that the establishment of such a long-term arrangement may not be immediately realizable. Nevertheless we continue to seek to establish a basis upon which such an arrangement can ultimately be made.

The political role of the Community, particularly in relation to North America, has been stimulated by the American initiative of a "Year of Europe". It seems to me that this initiative was designed to serve a number of useful and timely purposes — to redefine and revitalize the Atlantic relationship and as a reaffirmation of an outward-looking American foreign policy. It was also, I believe, a means by which one great power acknowledged the coming of age of another great power.

Although there were some mixed reactions in Europe to the initiative I believe that the Nine were very pleased to have demonstrated to the world and to themselves their capacity to agree on a collective response to the "Year-of-Europe" message. Certainly, this was the impression that several foreign ministers of the Nine gave me when I spoke to them in New York in September.

There were, of course, some questions about the implications of the "Year of Europe". One of the first questions many of us asked about the "Year of Europe" was — how would the interests of the

industrialized democracies, as a whole, fit this conception. Would it involve a tri-polar system — the United States, Europe and Japan? We, of course, remain concerned not to find ourselves polarized around any of the main power centres. That is very much a part of what our policy of diversification is all about.

Nevertheless, outside this country, I have sometimes found an assumption that Canada should fall naturally and inevitably into the U.S. orbit. This is perhaps understandable, but it is unacceptable to Canadians. It is inconsistent with our conception both of what Canada is and what our interdependent world should be. It runs against the grain of postwar Canadian efforts to build an open and liberal world trading system. It is also contrary to the Canadian Government's basic policy of a relationship "distinct from but in harmony with" the United States.

North America is not a monolithic whole — economically or politically. Nor do I think it would be in the interest of Europe to deal with a single North American colossus.

Canada's relation with Europe is not the same as the United States relation with Europe. There are political, economic, cultural and linguistic elements in our relation with Europe that are unique.

Perhaps in relative terms our relationship is more important to us than the United States relationship with Europe is to the Americans. Forty-two per cent of our immigration continues to come from Europe. Our national fabric is made up of distinctive ethnic groups — many of them European. These have not been assimilated into a Canadian homogeneity. They preserve and value their links with Europe as they do their Canadian nationality.

Canada's security is inseparable from that of Europe. That is why we are members of NATO. We do not have troops in Europe solely for the purpose of defending Europe, but to defend Canadians.

However, by focusing on the need to revitalize and redefine the Atlantic Community, the "Year-of-Europe" initiative has quickened the pace of development of Community policy toward the rest of the world. This heightened Atlantic dialogue is leading Canada, the Community and the United States into a greater and deeper exploration of our shared problems and aspirations. The pursuit of this dialogue reaches beyond the economic sphere to encompass all aspects of international relations. I believe that a serious and comprehensive examination of the Atlantic Community, an effort to make the Atlantic relationship more responsive to current realities, can be beneficial to all concerned.

In this context the suggestion of a Canada/European Community declaration is attractive. But the determining factor will be substance — not form. Canada is seeking opportunities to develop a dynamic, meaningful and distinctive long-term relationship with the European Community. If it is clear that such a declaration can contribute to this objective we will be ready to participate in its elaboration.

With or without a declaration the future evolution of the Community's transatlantic relationship will be of critical interest to Canada. I am confident that common interests and common sense will prevail.

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